Assante Corporation 2002 Annual Report

gaining momentum

on the strength of our commitment to excellence

Assante

moving ahead

in the growing market for face-to-face advice

2002 confirmed the growing popularity of Assante's Life Management Solutions™.

For the seventh consecutive year, we stayed on course with plans to build the strongest face-to-face financial advisory service for individuals and families. Our advisors and in-house experts continued to provide **the very best advice**, delivered through a convenient, one-stop solution. Our **unique and personalized approach** continued to set us apart and fulfill our mission – to simplify and enhance the lives of our clients, now and into the future.



Assante Corporation 2002 Annual Report

SIMPLIFY AND ENHANCE THE LIVES OF OUR CLIENTS

major achievements in 2002

Like our clients, we are ready to meet the needs of today and maximize the opportunities of tomorrow.

Corporate:

- Greater board independence
- Simplified share structure
- Higher profile and broadened analyst coverage

Canada:

- Industry-leading sales momentum
- Integrated, one-company spirit
- Strong downside-risk management for clients

United States:

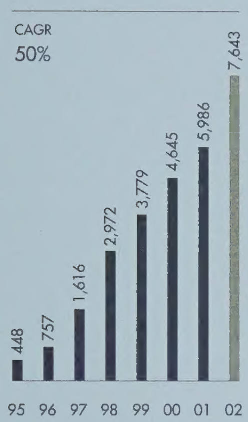
- One-company model adopted
- Assante US infrastructure established
- Pivotal year for sports group

Financial Highlights - 2002

For the years ended December 31 (in millions of dollars except per-share figures)

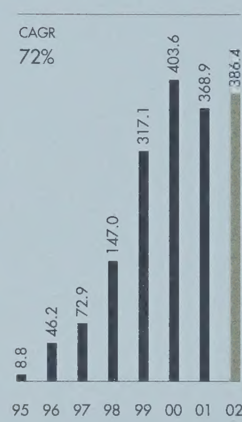
	2002	2001	2000	1999	1998	1997	1996	1995
Assets under management	$ 7,643	$ 5,986	$ 4,645	$ 3,779	$ 2,972	$ 1,616	$ 757	$ 448
Assets under administration	20,345	22,647	24,886	24,657	18,801	4,209	2,726	1,157
Revenues	$ 386.4	$ 368.9	$ 403.6	$ 317.1	$ 147.0	$ 72.9	$ 46.2	$ 8.8
EBITDA before restructuring costs	85.1	75.5	75.7	57.5	34.7	16.6	4.4	1.2
Restructuring costs	1.6	2.3	23.0	1.3	-	-	-	-
Income taxes	10.1	7.6	4.5	12.4	10.2	5.9	1.8	0.3
Earnings before goodwill charges	23.0	23.3	12.8	15.2	12.5	6.0	1.0	0.7
Goodwill charges	-	31.4	27.8	13.9	4.0	1.5	1.1	-
Net earnings (loss)	23.0	(8.0)	(15.1)	1.3	8.5	4.5	(0.1)	0.7
After-tax cash flow	66.5	54.6	54.5	48.4	31.1	14.7	3.5	1.0
EBITDA before restructuring costs per share (1)	$ 1.01	$ 0.96	$ 0.99	$ 0.91	$ 0.64	$ 0.35	$ 0.10	$ 0.03
After-tax cash flow per share (1)	0.79	0.69	0.71	0.77	0.57	0.31	0.08	0.03
Net earnings (loss) per share (1)	0.27	(0.11)	(0.21)	0.02	0.16	0.10	-	0.02
Shares outstanding - diluted (2)	83,840	78,799	76,339	62,834	54,245	46,906	43,957	37,155

(1) Per share numbers are calculated based on diluted shares outstanding.
(2) Number of shares is expressed in thousands.

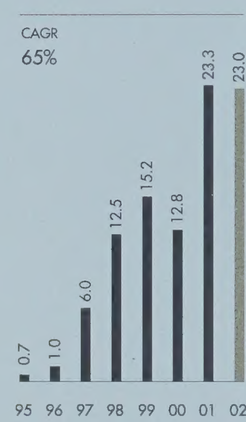


Assets Under Management
(in millions of dollars)

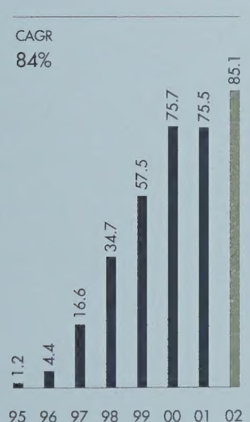
Assets Under Administration
(in millions of dollars)



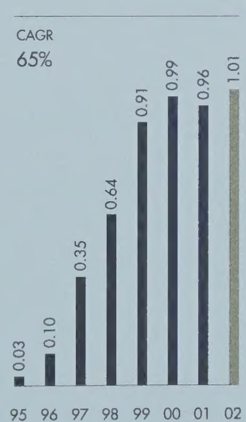
Revenues
(in millions of dollars)



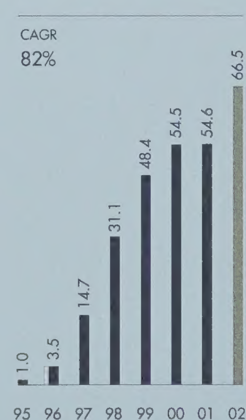
Earnings Before Goodwill Charges
(in millions of dollars)



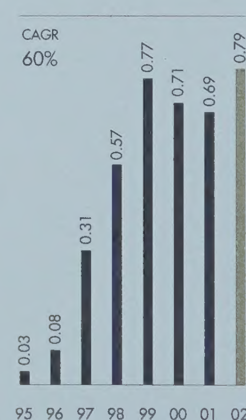
EBITDA Before Restructuring
(in millions of dollars)



EBITDA Before Restructuring
Per Share



After-Tax Cash Flow
(in millions of dollars)



After-Tax Cash Flow
Per Share

* *CAGR = compound annual growth rate over the 7 year period*

MESSAGE TO SHAREHOLDERS

meeting the challenge

with vision, determination and strength

Martin Weinberg
Chairman, President and
Chief Executive Officer
Assante Corporation

It took shared vision, determination and the strength of a capable team to keep moving forward in 2002. I am pleased to report that Assante met the challenge.

After seven years and 26 acquisitions, we have reason to be proud. In 2002 Assante posted industry-leading performance in many areas. Earnings increased and revenues remained stable despite downward pressures. We made important advances in our ongoing development as a corporation. And we accomplished all of this during one of the longest and most difficult bear markets in recent memory.

Assante has come of age as a strong, unified company with good prospects for growth. The Canadian operation is firmly established as a national industry leader. Our focus is now shifting to the U.S., where we plan to expand and replicate the success of the Assante model.

Assante Canada: Industry-leading performance

In the Canadian operation, our performance in 2002 was impressive.

As the markets remained uncertain, our disciplined, value-based core investment style became more attractive. For the entire year, the net sales of our managed portfolio solutions doubled, averaging more than $100 million per month. As a result, our Canadian assets under management (AUM) surpassed the $6 billion mark for the first time.

As the markets plummeted, Assante clients benefited from strong downside risk management and face-to-face advice. It was a validation of the responsible and personalized investment approach on which the company was built.

In 2002, the Canadian operation focused on creating an environment where this concept could really come alive. Under the leadership of Nick Mancini, President and CEO of Assante Canada, we provided additional sales and service support to help advisors cope with turbulent markets.

One of Assante Canada's greatest accomplishments was the strong sense of unity within the organization. This is a remarkable achievement for an organization formed from the merger of 18 different firms a relatively short time ago. Although that spirit is impossible to quantify, it is absolutely essential to our future and a testament to the abilities of the Canadian team.

Assante US: Components in place to replicate Canadian success

Assante US, at its formative stage of development, continues to build and integrate lines of business to support future growth. The main focus during the year was ongoing alignment and transformation of past acquisitions into a more unified company.

Our mortgage, insurance and asset management services are now in place and growing. Our overall client base has expanded and individual clients received a broader array of services. Assante Business Management broadened its scope by adopting our Life Management Solutions™ positioning and is pursuing the market of business owners and executives.

For the sports management group, the dominant event of the year was the Steinberg & Moorad litigation against a former sports agent. Our decisive victory in court was a clear affirmation of fair business practices and an assurance of greater stability in this business sector. Our agents also enjoyed good success in recruiting young and established players.

Assante Corporation: Continuing to mature

In 2002 we continued to strengthen corporate governance – one of our ongoing priorities as a relatively new publicly traded company. I am now the only non-independent board member. We also completed the simplification of our share structure.

In the first quarter, we initiated separate reporting of the financial results for Assante Canada and Assante US. This segmentation reflects the distinct differences in market, lines of business and stage of business development of these two business units. The change reflects our ongoing commitment to greater accountability.

We also continued to channel considerable time and effort into increasing awareness and understanding of Assante in the investment community. We are encouraged by the broadening analyst coverage and increase in trading volumes, and will continue to devote more attention to this area.

Financial accomplishments in 2002

- AUM rose from \$6 billion to \$7.6 billion
- EBITDA before restructuring increased from \$75 million to \$85 million
- Canadian net sales doubled from \$750 million to \$1.5 billion

Looking ahead: Sharpening our competitive edge in a challenging environment

These are not easy times in the industry. People want more from their advisors and service providers, and have little patience for mediocrity. Regulators, too, are raising their standards. Compounding these challenges is the growing anxiety caused by ongoing uncertainty in the markets.

All of these factors are creating pressures and shifts in the industry. At every level of the industry, we see consolidation. Everyone is attempting to lower costs and increase competitiveness by acquiring scale and access to narrowing shelf space.

At Assante, we will compete by continuing to focus on our strongest competitive advantages – the quality of our advice and the calibre of our distribution network. We believe more North Americans will seek out these advantages in today's turbulent markets. We will continue to develop these strengths, continuously elevating the credentials of our advisor network and building on our reputation as the highest-quality advisor force in the industry.

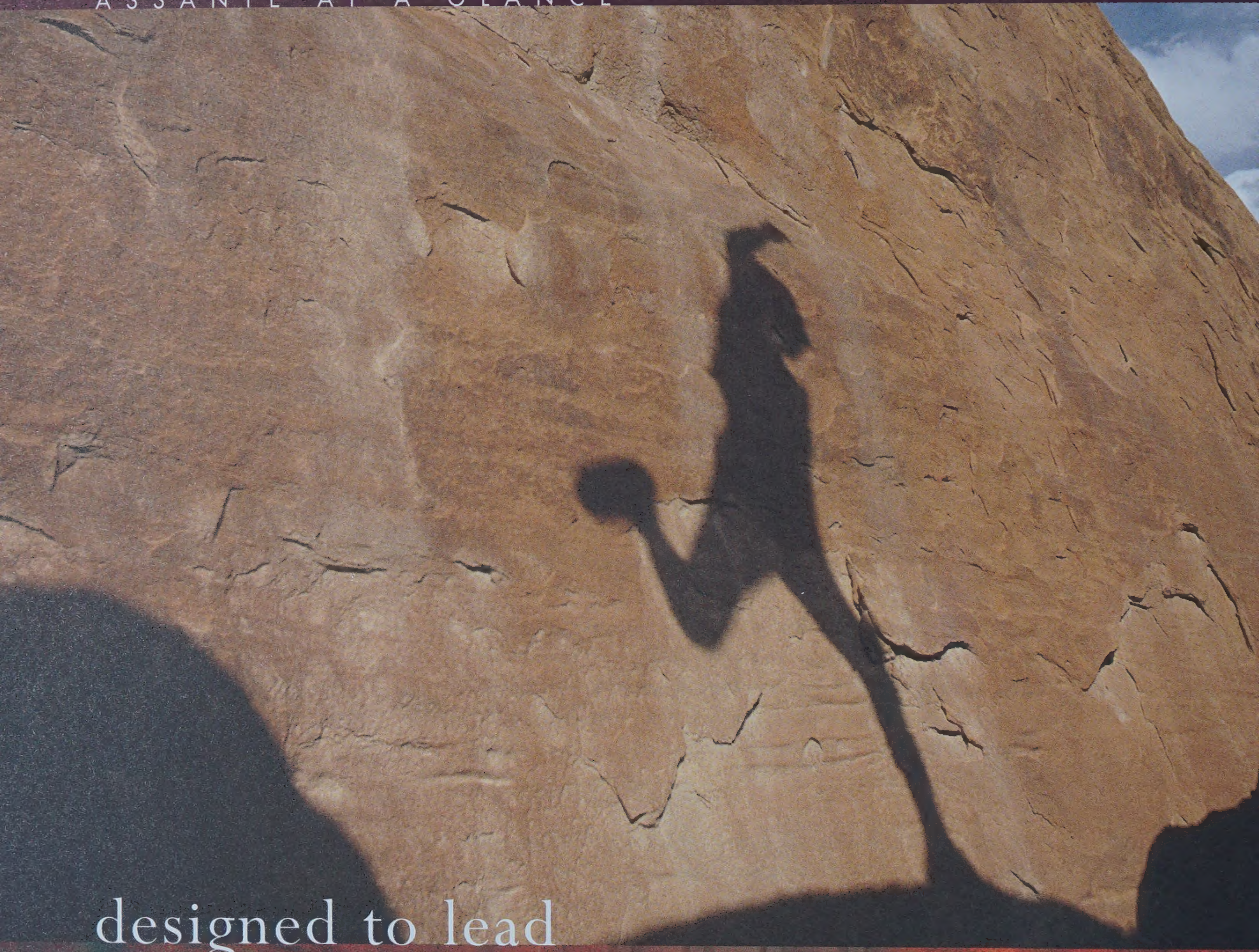
In Canada, we have never been in a better position to recruit and acquire advisors. A Canadian recruitment initiative will move into high gear in 2003, and we will continue to look for logical acquisitions and partnerships. This growth will continue to fuel our industry-leading sales momentum.

In 2002 we continued to strengthen corporate governance – one of our ongoing priorities.

With Canada well-positioned, we are aiming our efforts at supporting the growth of the U.S. operation. The next stage of development will expand our client base from the current niche markets to a broader cross-section of high-net-worth clients. As part of this effort, we will reassign certain members of the parent company to work with the U.S. management. I have moved into the position of U.S. CEO, while Dr. Harvey Schiller has become Chairman of the U.S. board of directors. Using the combined experience of this seasoned team, we will integrate the existing components of Assante US into one company with a unique offering and wide appeal.

Overall I am pleased with our results and ever more excited about our future. We have the right people, strategy and services to continue to excel.

Martin S. Weinberg
Chairman, President and CEO
Assante Corporation



designed to lead

in a world where change means opportunity

Strong

Our core strength is the Assante advisor force – one of the largest and most highly experienced networks of professionals in the business. Their trusted client relationships are our greatest asset.

Skilled

Our advisors work closely with in-house experts in legal, tax, insurance and financial disciplines. This team approach allows us to provide the best advice to all clients.

Attuned

We are in step with the times. While others sell products, we deal in solutions. We provide the comprehensive, personalized service today's clients want and need.

Growing

We are one of the fastest growing companies in our sector, increasing assets under management at a faster rate than the industry as a whole.

Canadian mutual fund net sales.*

*Assante portfolios are more than mutual funds. They include a number of value-added services. This graph is intended to show the popularity of these solutions in comparison to mutual funds

What sets us apart

Five strengths distinguish us from our competitors:

- Leader in marketing life management
- Wide distribution reach
- Diversified, desirable client base
- High client retention rate
- Strategic alliances with leading firms

Wide distribution reach

We have an extensive network of operations across Canada, and U.S. offices in California, New York, Indiana and Texas. Assante Corporation is headquartered in Winnipeg, Canada. Our Canadian head office is in Toronto and our U.S. head office is in New York.

Our shareholder base

Evolving: When the IPO was completed in 1999, about 90 per cent of Assante shares were held by a mix of advisors, managers and employees. Today that base has broadened to include a greater balance of institutional investors and public shareholders.

Deep buy-in: About 50 per cent of eligible employees participate in our share purchase plan. Their stake in the company builds deep commitment to the success of the firm and the satisfaction of clients.

Trading information

Ticker symbol: LMS
Toronto Stock Exchange

Target market

Individuals and families who choose to delegate financial decisions to qualified experts, with particular emphasis on affluent and high-net-worth markets

Client assets

$20.3 billion under administration
$7.6 billion under management

Products and services

Canada

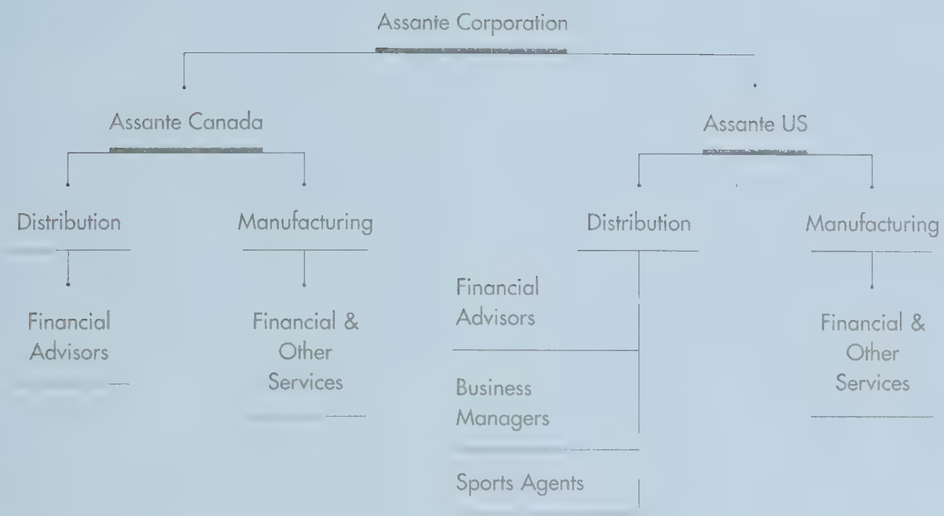
- Portfolio and wealth management
  - Full suite of third-party funds
  - Assante Private Client
  - Assante Optima Strategy
  - Assante Artisan™ Portfolios
- Cash management solutions
- Insurance and estate planning

United States

- Portfolio and wealth management
  - Assante Private Client
  - Synervest Portfolio Services
  - Synervest Asset Management
- Sports representation
- Business management
- Mortgage services
- Insurance

People power

More than 1,600 financial advisors, sports agents, business managers and registered investment advisors, supported by over 1,000 employees



"Assante helps me build a successful practice in my community while building a strong Assante name and brand nationally."

Jonathan Neale
Halifax [illegible]
Aa[illegible]

Vertically integrated

Assante integrates manufacturing and distribution. Our two main business units are Assante Canada and Assante US. The parent corporation provides high-level leadership and strategic direction to these two units.

the Assante vision

In sync with opportunity

In the mid-1990s we recognized the need to provide better solutions for wealth management.

Advisors were looking for smarter ways to deliver expert service in an increasingly complex world. At the same time, the industry needed efficient ways to reach clients and strengthen its standards.

Our answer was to marry distribution with financial products, advisory services, asset management, insurance and banking, all in one company. This integrated model provides streamlined execution, speed to market and balanced risk management – all with a high regard for quality and consistent service.

Assante's model is in sync with the growing client demand for expert, one-stop guidance in wealth and life management. It provides the sound investment strategies needed by an aging population on the brink of a huge inter-generational transfer of wealth.

Our solution also meets the very real need for change in the wealth management industry. By linking distribution to the more profitable manufacturing sector, we can fuel the continual improvements in compliance and service that clients want and need today.

STRATEGIC DIRECTIONS

steady progress

We follow the same advice we give our clients: Have clearly stated goals, the right strategy to achieve them, and the discipline to follow the plan.

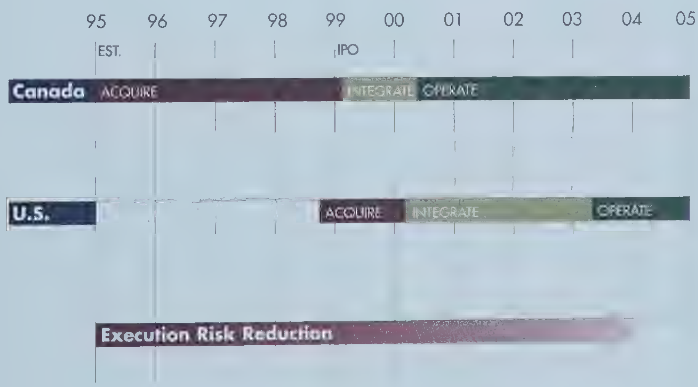
Our goal is to become the dominant provider of Life Management Solutions™ to affluent and high-net-worth individuals.

To reach this goal, we have consistently followed a highly effective strategy:

- **Acquire:** We identify businesses with the right qualities to build the Life Management Solutions™ model. We focus on two types of firms: innovative manufacturers with extensive expertise in developing financial products and services, and well-established advisors with a high concentration of affluent and high-net-worth clientele. We partner with these businesses to develop an integrated product and service offering for their established and growing client base.

- **Integrate:** We align the goals and objectives of the acquired firms with the Assante brand. We move forward as a united team with one strong identity, consistent priorities, operational efficiencies, complementary strengths and the ability to bring products to market quickly.

- **Operate:** We unlock the potential of the integrated firms by moving to a single management structure. Under the one-company model, we continually improve services and infrastructure.



delivering on our promises

Since inception our company has advanced at a brisk and consistent pace. In 2002 we continued to fulfill our commitments and maintain a steady focus on all business fronts.

In the years ahead, we see a growing demand for our brand of integrated, customized solutions.

In 2003 we plan to expand our market share while improving service, efficiency and corporate governance. We will also pursue new strategies for growth.

"What attracted me most to Assante was the life management concept. With consolidation sweeping the industry, this strategy is the best way to survive and thrive in the long run."

Joni Clark
Los Angeles, California
Director of Investment Services
Assante US

Priorities

Maintaining growth momentum

Enhancing advisor support

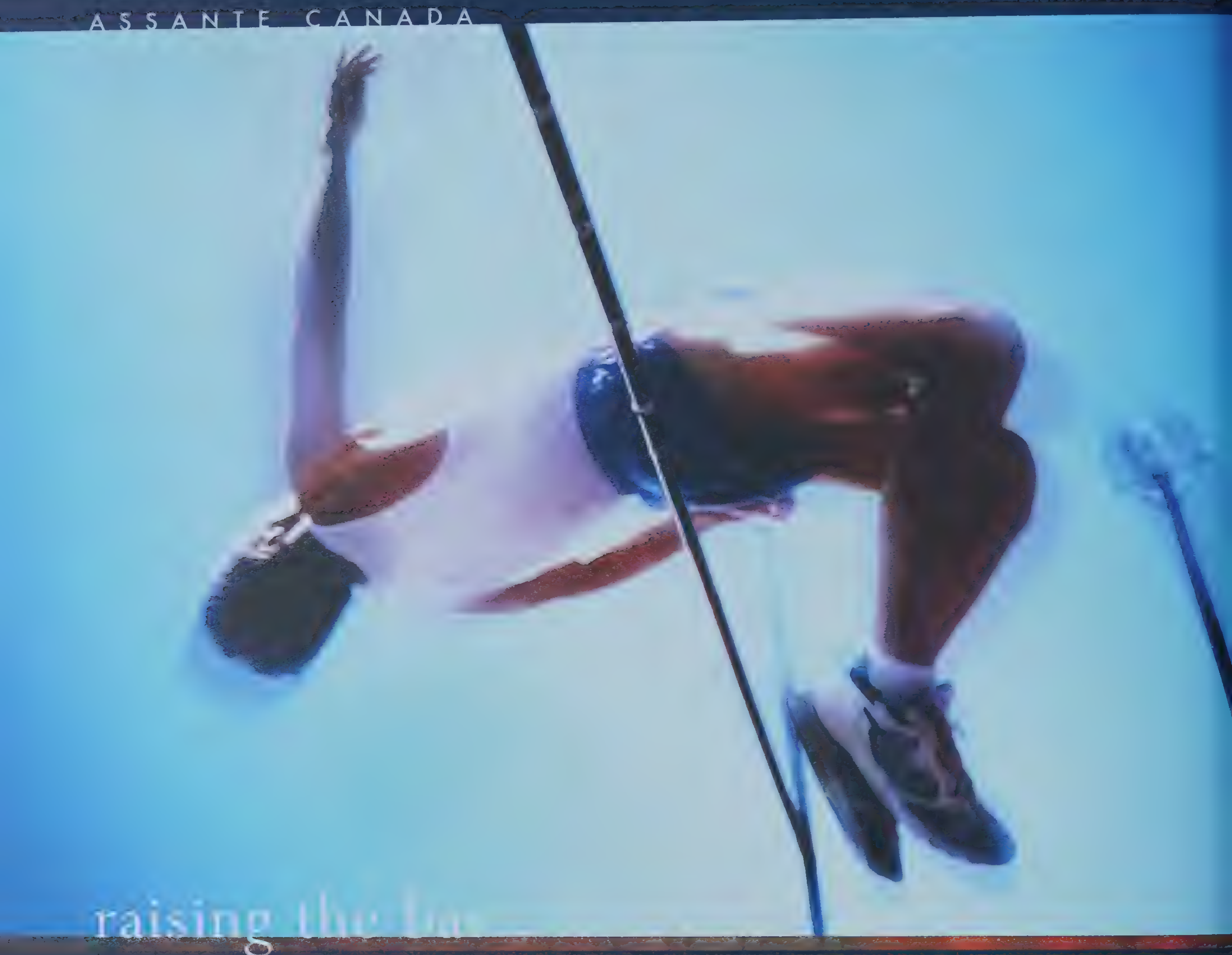
Expanding product and service offering

Integration and operational efficiency

Corporate governance

Investor relations

Promises for 2002	Achievements in 2002	Action plan for 2003
Build on strong sales momentum Recruit and hire firms that share our philosophy	Canadian net sales were second highest in the country Investment management team achieved top quartile success in many asset classes Most U.S. core business units increased revenues Major recruitment initiative launched in Canada Canadian revenues increased through organic growth and new sales	Dedicate more resources to Canadian advisor recruitment initiative Strengthen brand recognition through new marketing materials Grow advisory sales force in U.S.
Strengthen the Canadian back office platform Establish stronger professional development service	Significant progress toward upgrading Canadian back-office support Assante Academy transitioned into new Assante Professional Development Centre dedicated to development of Personal CFOs™ Created new Canadian marketing support, including local advertising material Implemented new Web-based platform in U.S. RIA channel	Provide additional tools for Canadian branch management Enhance Canadian desktop tools to expedite and improve client service Link systems and aggregate database information in U.S. to promote breadth of available services
Seek ways to expand co-branded products	Pursued several opportunities in Canada, including expanded relationships with global investment companies Launched Assante All In One suite of financial services Launched National Bank branded Superior Flexline, a home equity line of credit	Explore new ways to build on strong investment management services Increase profile of top investment management team Develop new open fund wrap platform Add new funds and separate accounts for high-net-worth clients in U.S. Continue to develop new products and services
Brand and integrate sports and entertainment channel Bring U.S. operations under a single management structure	Assante Business Management consolidated in U.S. Started to build out U.S. management team Canadian customer care services integrated under central management Continued to streamline and integrate Canadian administration	Finalize harmonized compensation grid for all Canadian advisors Functionalize and streamline back-office functions Streamline management infrastructure Maximize use of human resources by increasing parent corporation's role in U.S. operation Establish complete shared corporate services in the U.S. operation Continue to manage and reduce costs
Simplify share structure Improve disclosure	Share structure simplified Increased proportion of independent directors on board Risk management committee established	Add another independent director to the board Expand risk management and succession planning activity Improve governance by strengthening subsidiary boards
Strengthen ties with investment community	Disclosure improved through more timely and detailed reporting Analyst coverage broadened Dozens of institutional presentations delivered	Continue to build strong investor relations and institutional awareness


ASSANTE CANADA
raising the bar

In 2002 Assante Canada demonstrated the value of our model in uncertain times. Our experienced advisors kept clients focused on their long-term goals amid the distractions of a turbulent market. Clients benefited from our consistent approach, and Canadian advisors stayed on track with industry-leading sales.

Our Canadian operation has matured into one strong, integrated team with a firm foothold in the Canadian market. Our strength is a combination of high-quality distribution, high-value services and complete product selection. Today we are one of Canada's largest non-bank-owned financial service operations.

Between 1995 and 2002, we built one of the largest and highest-calibre advisor forces in the country by acquiring and integrating 18 independent firms. Other product manufacturers are now following this model. However, our company was the first to pursue this integrated model on a large scale with an attractive shareholder offering. This early start enabled us to recruit the most experienced and successful independent advisors.

Our Canadian operation focuses on three areas:

- advisor support services, such as compliance, customer care, training and development, communications and marketing
- exclusive wealth planning and portfolio management services
- a complete range of insurance and estate planning through a series of strategic alliances

Achievements in 2002

- **Industry-leading net sales:** Our net sales of $1.5 billion were the second highest gain in the industry. Canadian assets under management surpassed $6 billion for the first time.
- **Continued growth of advisor network:** Thirty new advisors joined us this year, bringing in $400 million in new assets under administration.
- **Cash management solutions:** Our suite of private label and traditional banking services expanded the one-stop concept after its introduction late in 2001.
- **One-company culture:** We achieved true integration in Canada as the advisor network began pulling together as a unified team.

Moving forward in 2003

Our Canadian operation will focus on opportunities for further growth and continual improvement in support, service, choice and value – for both advisors and clients. A major recruiting initiative will move into high gear.

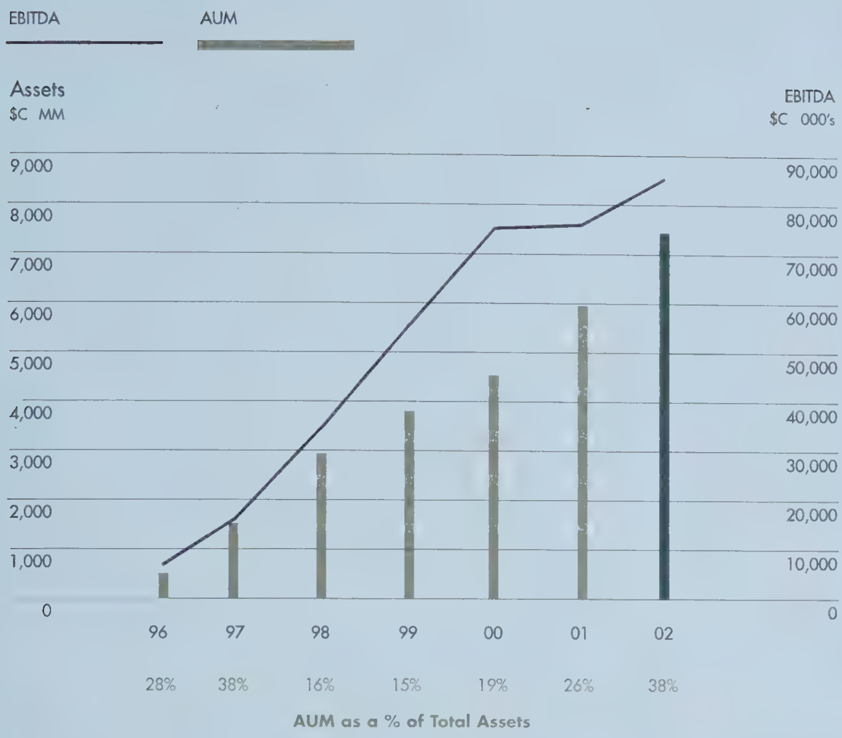
Why top advisors choose Assante

Over the past seven years we have assembled a network of more than a thousand of the most experienced and knowledgeable advisors in Canada. Top producers join Assante Canada because of their shared commitment to service excellence and the benefits of belonging to a larger organization.

We offer an attractive turnkey solution for advisors at the top of their game:

- the full range of services today's clients are looking for
- exclusive products offering greater value to clients
- access to a team of experts from multiple disciplines
- strong back-office and marketing support
- a succession plan

Our advisor-centric model is an important attraction. Each advisor is encouraged to become a Personal CFO™ – the client's very own chief financial officer. We support Personal CFOs with a multidisciplinary team of experts to help guide clients through complex financial decisions. Our advisors are actively consulted by way of a strong regional support structure, and have a real voice in the company and its future.



"Assante's in-house experts are a definite plus when dealing with unique and specialized client affairs. Clients see it is a real team approach. It gives them added confidence in the financial plan."

Constance Button
Calgary, Alberta

managed portfolio solutions

offered by Assante Canada

Our managed money solutions are among the broad range of investment choices available to Assante clients.

These portfolios provide progressive levels of individualized attention by our core group of investment and wealth management professionals. They replace ad-hoc decisions with a sophisticated, disciplined and consistent approach to managing clients' wealth. All are multi-manager, multi-class, multi-style offerings that are built and run both by our own professional investment managers and in partnership with top asset management companies.

In addition to these exclusive Assante solutions, clients can choose from a broad range of third-party and co-branded products, including standard mutual funds.

In Canada, we offer three managed portfolio solutions. About one-third of our Canadian client assets are now invested in Assante managed portfolio solutions, and their popularity continues to grow.

Assante Artisan™ Portfolios

A mix of third-party mutual funds offering advanced portfolio management to entry-level investors with more than $2,000 to invest

Assante Optima Strategy

A comprehensive, client-specific approach for investors requiring a higher degree of customization and advice – for clients with more than $100,000 to invest

Assante Private Client

A highly attentive wealth management program supporting each advisor with a dedicated manager, as well as legal, accounting and financial professionals from Assante's in-house wealth planning group – for clients with more than $1 million to invest

ASSANTE US

aiming for growth

The United States represents an opportunity to diversify into new markets by leveraging the experience and asset management expertise we have built in Canada. From our established base, we plan to build the one-stop solution model.

Four years ago we embarked on a strategy to replicate our Canadian success in the larger U.S. market. We acquired well-established firms with strengths that could be used to build a fully integrated wealth and life management offering. We targeted only firms with a high level of skill and high concentrations of affluent clientele.

Today our Assante US operation includes a securities dealer, four sports representation firms and two business management firms. We have also established operations in New York, Los Angeles and San Jose to cater to investment management, wealth management, insurance and mortgage needs. These operations provide access to a significant base of high-net-worth clients, including professional athletes and clients in the entertainment industry.

The key elements are now in place. We are now ready to develop multi-user "family offices" – a one-stop solution offering best-in-class services from professionals in multiple disciplines. The first step in this plan will be expansion of our U.S. advisor network.

The next stage of U.S. development will expand our client base.

"In the professional sports business, we see a movement towards the mega-agency that can provide a variety of services and bring value to the table. Assante has the foundation to make that happen."

Eugene Parker
Roanoke, Indiana
NFL agent, Assante Sports Management Group
Assante US

Achievements in 2002

- **Progress toward a truly integrated model:** A senior management team was established at U.S. headquarters in New York. Our three business management firms were united into one dominant provider of services to athletes, entertainers, creative talent and entertainment executives. Back-office functions were streamlined to realize the efficiencies of integration.
- **Expanded product line:** Our business management group opened up new opportunities for revenue growth. Our mortgage and insurance services, introduced in 2001, were well-accepted and showed rapid growth in 2002.

Moving ahead in 2003

The parent corporation is becoming more actively involved in managing the U.S. operation. Assante Corporation CEO Martin Weinberg will take on the duties of U.S. CEO in addition to his existing responsibilities. Dr. Harvey Schiller will become Chairman of the U.S. board of directors. In the coming year, recruitment of financial advisors and further integration will be the major focus of our expansion efforts.

managed portfolio solutions

[illegible]

Our U.S. representatives, like our Canadian advisors, have the option to choose from third-party or in-house asset management services. We offer three personalized portfolio management services for U.S. clients:

Synervest Asset Management

One of the first turnkey asset management programs based on Modern Portfolio Theory – for clients with more than US$100,000 to invest

S[illegible]

A combination of structured asset classes and actively managed investments, tailored to individual needs – for clients with more than US$100,000 to invest

[illegible]

A highly attentive wealth management program supporting each advisor with a dedicated manager, as well as legal, accounting and financial professionals from Assante's in-house wealth planning group – targeted to clients with more than US$1 million to invest

ASSANTE CORPORATION

sound guidance

from an experienced, independent hand

We are committed to strong corporate governance. Since completing our IPO in 1999, we have made significant strides to simplify our share structure and continually improve board independence and disclosure.

The management of our business is overseen by our board of directors. The board has established three committees to assist it in overseeing the company's business and affairs:

- The Audit Committee advises the board on the adequacy, integrity and appropriateness of the corporation's financial reporting, internal controls and policy and procedures respecting risk management, including litigation management and regulatory compliance.
- The Corporate Governance Committee helps strengthen board accountability by:
  - advising on the composition of the board,
  - recommending nominees for election as directors,
  - monitoring and assessing the performance of the board, its committees and individual directors, and
  - reviewing board and committee terms of reference.
- The Compensation Committee assists the board in establishing appropriate compensation for senior management by reviewing compensation arrangements and recommending changes when appropriate.

Corporate governance achievements in 2002

- **Greater board independence:** Today all but one of the board members are independent. Our newest board member is Holger Kluge, former President of Personal and Commercial Banking for CIBC, who became a director in September 2002.
- **Simplified share structure:** We have substantially completed the transition to a single class of common shares.
- **Greater communication and disclosure:** We continue to increase contact with the investment community and improve disclosure. This year we began providing segmented financial reports for Canadian and U.S. operations.

Board of directors

Martin S. Weinberg
Chairman

Mr. Weinberg is the founder, President and Chief Executive Officer of Assante Corporation. He created his first investment counsel firm in 1987 after working in the industry as an investment analyst and portfolio manager. In addition to providing leadership to the corporation, Mr. Weinberg focuses on the development of strategies for new distribution channels, the execution of acquisition strategies and identification of other growth opportunities for new and existing lines of business for the company. In addition to these responsibilities, he has moved into the position of U.S. CEO to make more extensive use of his knowledge and experience, particularly in the financial services area. He holds a Bachelor of Commerce degree and the designation of Chartered Financial Analyst.

Holger Kluge
Member, Corporate Governance Committee

During his distinguished forty-year career with the Canadian Imperial Bank of Commerce, Mr. Kluge was most widely recognized as President of Personal and Commercial Banking and Executive Vice President, International Operations. He holds an MBA with honours from Sophia University in Tokyo and is a member of various corporate boards around the world.

William J. McNally
Chair, Compensation Committee - Member, Audit Committee

Mr. McNally is the President and Chief Executive Officer of Woodmount Capital Corporation, an investment capital company he established in 1997. He holds an MBA from The Harvard Graduate School of Business Administration. As a former CEO of a TSE 300 company, he sits on a number of boards and advisory commitees.

Gregory A. Milavsky
Chair, Audit Committee - Member, Compensation Committee

Mr. Milavsky is Managing Director and Group Head of e-Scotia Acquisition Inc. and former Chief Executive of Rothschild Quantico Capital. He has served on the boards of a number of corporations and arts organizations and foundations and holds an MBA from The Harvard Graduate School of Business Administration.

Michael E. Nairne
Vice Chairman, Member, Audit Committee - Member, Corporate Governance Committee

Mr. Nairne is a three-time past-President of the Ontario chapter of the Canadian Association of Financial Planners and a past member of its national board. He holds a Bachelor of Commerce degree and is a Registered Financial Planner, Certified Financial Planner and Certified Management Consultant. Mr. Nairne was one of the company founders. He left the employ of Assante in 2001.

Morris Perlis
Chair, Corporate Governance Committee - Member, Compensation Committee

Mr. Perlis is president of Morris Perlis & Associates, an advisory practice offering guidance to CEOs in all aspects of change management. He has served as president of Counsel Corporation and has held several senior management positions at American Express, including President and General Manager, American Express Canada Inc. He is also a board member of the Advisory Council of York University's MBA program.

Assante Corporation 2002 Financial Information

Management's Discussion and Analysis

The following discussion and analysis should be read in conjunction with the company's fiscal 2002 and 2001 Consolidated Financial Statements and accompanying notes.

This document contains forward-looking statements relating to our objectives and strategies, as well as statements of our beliefs, plans, expectations and intentions. These statements are not guarantees of future performance and may involve uncontrollable and unforeseen risks and uncertainties. Actual outcomes and results may differ materially because of many factors, including those set forth in this report and other public filings. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made.

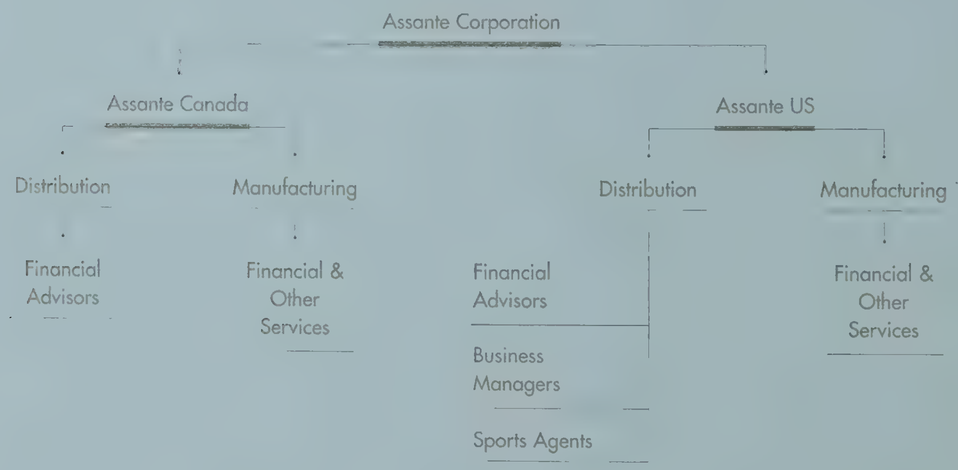
We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

"At Assante, we have a history of bringing the very best advice to our clients. Our success in delivering total solutions is strongly reflected in Assante's growing market share and loyal client base."

Martin Weinberg, Chief Executive Officer, Assante Corporation

Who We Are

Assante Corporation was founded in 1995. It provides a multidisciplinary and integrated approach to financial planning, investment advice, wealth management, estate and succession planning, insurance and business and sports management services. This focus is reflected in the company's products – marketed as Life Management Solutions™ – which are tailored to each client's unique objectives.



Assante Corporation's two principal business units are Assante Canada and Assante US. Each has its own leadership and management structure. Assante Corporation takes the lead in identifying opportunities for growth, developing strategic alliances and managing the resources of the public company.

Assante Canada

Assante's Canadian financial advisory network is one of the nation's largest. Our highly-trained advisors draw on our extensive in-house expertise to deliver a wide range of services, including asset allocation, retirement and education planning, trusts, portfolio management, banking services, business and succession planning, and insurance, estate and tax planning.

Financial and other services

Asset management

Our asset management services emphasize product choice. Assante advisors have access to a broad range of third-party, co-branded and in-house products.

Assante's managed money solutions are developed and managed by our own professional investment managers and in partnership with top asset management companies. In Canada, Assante offers the following multi-manager, multi-class and multi-style portfolio management services:

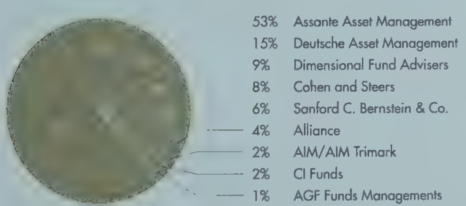
- Assante Private Client (for clients with investment assets of $1 million);
- Assante Optima Strategy (for clients with more than $100,000); and
- Assante Artisan™ Portfolios (for clients with more than $2,000).

The chart below highlights the complement of investment managers in the Assante Optima Strategy and the Assante Artisan™ Portfolios offering as at December 31, 2002.

"In today's complex world, clients are looking for straightforward, quality advice and integrated solutions that are customized to their needs. In this environment, Assante is particularly well positioned to grow its market share."

Nick Mancini, Chief Executive Officer, Assante Canada

Assante Optima Strategy



Assante Artisan™ Portfolios

Our Business (continued)

Assets under management (AUM) include the market value of assets for which Assante has discretionary investment management responsibilities and for which Assante receives a recurring management fee. AUM consist primarily of assets held in the Assante Private Client, Assante Optima Strategy and Assante Artisan™ Portfolios programs in Canada.

Assets under administration (AUA) include the market value of all mutual funds, stocks, bonds, GICs, insurance products and other investments administered by Assante for which a revenue stream is generated. This includes the market value of client assets administered and managed by third parties.

Accomplishments of Assante Canada in 2002 included industry-leading net sales. Canadian AUM surpassed $6 billion for the first time.

Net sales of Assante managed portfolio solutions in 2002 equaled nearly one-half of total Canadian mutual fund net sales.*

*Assante portfolios are more than mutual funds. They include a number of value-added services. This graph is intended to show the popularity of these solutions in comparison to mutual funds.

Insurance

Assante Estate and Insurance Services offers expertise through a team of professionals, and provides a wide selection of third-party products in addition to the company's own universal and term products called Legacy Series, co-branded with AIG.

Cash management solutions

The company also offers banking services including GICs, loans and credit cards through its Assante Cash Management Solutions program, which is co-branded with National Bank of Canada.

Danny Bubis
Chief Investment Officer, Assante Canada

Stephen Ellis
Chief Operating Officer, Assante Canada

Albert Labelle Jr.
Vice President & Managing Director, National, Assante Advisory Services, Assante Canada

Dave Leschasin
Vice President, Human Resources, Assante Canada

Calvin MacInnis
Group Vice President & Managing Director, Marketing & Development, Assante Canada

Al Steele
Vice President & Managing Director, Assante Asset Management, Sales & Service, Assante Canada

Eric Stefanson
Chief Financial Officer & Managing Director, Finance & Planning, Assante Canada

Assante US

Assante's three U.S. business units focus on business management, sports management and financial services.

Business management

Our business management group provides a wide range of services to high-net-worth clients, including entertainers and other professionals working in creative fields, professional athletes and senior business executives. Services include bill payment, income stream monitoring and cash flow management, contract negotiation, coordinating purchase and sale of major items, securing loans and lines of credit, review of insurance needs, tax planning and tax return preparation, business review and consulting and development of estate plans and trusts.

Sports management

Assante's sports management group is a significant player in the sports and entertainment industry. Our sports agents work with athletes in each of North America's four main professional team sports – baseball, basketball, football and hockey. They deliver complete career management services, including contract negotiation, public relations, endorsements and marketing and post-career counseling.

Financial and other services

Asset management

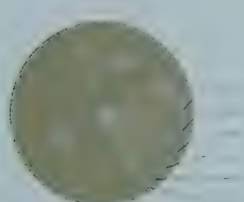
Our financial services group provides three different tiers of portfolio management services, as well as specialized tax planning, insurance, asset management and mortgage services.

The three portfolio management services include:

- Assante Private Client (highly personalized for clients with investment assets of US$1 million);
- Synervest Asset Management (formerly Strategic Asset Money Management) (for clients with more than US$100,000 to invest); and
- Synervest Portfolio Services (for clients with more than US$100,000 to invest).

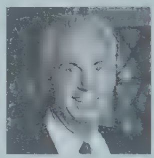
The chart below highlights the complement of investment managers in the Assante Private Client and Synervest offerings:

Assante Private Client



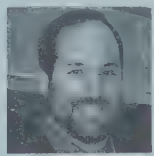
Synervest Portfolio Services
100% Dimensional Fund Advisors

Synervest Asset Management
100% Dimensional Fund Advisors



Dr. Harvey Schiller
Chairman, Assante US Board of Directors

Mickey Segal
President, Assante Business Management, Assante US



Jeff Moorad
President, Assante Sports Management Group, Assante US

Our Business (continued)

AUM include the market value of assets for which Assante has discretionary investment management responsibilities and for which Assante receives a recurring management fee. AUM consist primarily of assets held in the Assante Private Client and Synervest Portfolio Services programs in the United States.

"Our achievements come as no surprise. They are the result of a vision that considered the evolution of the industry and the needs of clients."

Kish Kapoor, Executive Vice President, Assante Corporation

AUA include the market value of all mutual funds, stocks, bonds, GICs, insurance products and other investments administered by Assante (including Synervest Asset Management) for which a revenue stream is generated. This includes the market value of client assets administered and managed by third parties and directed assets that are monitored and may have been selected by the business management firms.

Insurance

Assante provides a wide range of insurance services through co-branded alliances with leading U.S. insurance brokerage firms specializing in various products.

Mortgage services

Assante arranges mortgages through Wells Fargo and a joint venture with Metrociti Mortgage.

Market Overview

As the global financial services industry continues to consolidate, a growing number of merged companies are focusing on providing the broadest possible menu of investment products to individuals. There are two distinct markets for these services: individuals who opt to invest directly, and those who opt to delegate their investment decisions to a trusted advisor.

Assante targets all of its products, services and marketing efforts to the growing "delegator" market. The company serves these clients by delivering balanced, integrated and personalized solutions – an approach Assante calls Life Management Solutions™. Clients may choose to delegate management of some or all of their financial affairs to Assante's industry-leading advisors. Investment products are one component of this approach.

Assante's integrated approach is in strong demand among the early stage, affluent and high-net-worth markets. The demand is driven by a number of factors:

- The aging population is looking for expert guidance in wealth and life management.
- Busy people want to delegate more tough decisions and find one-stop service for a broad range of disciplines.
- Investors need expert help managing downside risk.
- Turbulent markets create greater need for sound investment solutions.

Competitive Strengths

Leader in the marketing of life management

Assante was the one of the first companies to provide a fully-integrated offering of investment management services (private portfolio management, wrap accounts, fund of funds, third-party mutual funds, stocks, bonds and other securities), household wealth management, insurance and estate planning, business management, contract representation, marketing and endorsements as well as a full complement of banking services.

Wide distribution reach

Assante has an extensive network of established advisors in Canada and a growing number of sports agents, business managers and registered investment advisors in the U.S. They work closely with an in-house team of experts from multiple professional disciplines. Assante is effectively positioning these advisors to become the leading providers of advice and high-touch personalized services in multiple markets.

Diversified, desirable client base

Assante's client base is comprised of individuals and families in a variety of markets in the U.S. and Canada. The company caters to early stage, affluent and high-net-worth individuals and families. Through its U.S. expansion, Assante has targeted companies with a high concentration of high-net-worth clientele, including professional athletes and clients working in the entertainment industry.

High client retention rate

Assante's advisors have built strong client relationships through years of service and are highly motivated to maintain client satisfaction. Many have a direct stake in the company's success as shareholders. The result is high client retention.

The company caters to early stage, affluent and high-net-worth individuals and families.

Strategic alliances with leading financial firms

Assante has agreements with several reputable investment management firms, banks and insurance companies to provide co-branded products adapted to the needs of its customers. These alliances allow Assante to introduce new products and services in a timely way and give brand names access to Assante's desirable clientele.

Significant Accounting Matters

In first quarter of 2002, the company introduced two changes to the reporting of its financial results. As a result of a change in management structure, the company began reporting its results by geographic segment, and the company adopted the recommendations of the Canadian Institute of Chartered Accountants on accounting for goodwill and other intangible assets.

Goodwill

Goodwill is no longer amortized but is subject to periodic impairment testing based on fair values of the reporting units. The tests are performed on initial adoption of the new standard and at least annually thereafter. The company completed its initial impairment test during the second quarter and concluded no adjustment was required. These calculations were reviewed again at year-end and a determination was made that no adjustment was required.

In accordance with the new accounting standard, the company has also segregated from goodwill the unamortized carrying value of certain player representation agreements (the "player agreements"). These player agreements are those that were in place at the time of acquisition of each sport representation business and still in effect at January 1, 2002. The unamortized carrying value of the player agreements at December 31, 2002 was $5.9 million, which is included in other assets on the balance sheet and is being amortized over the life of the related contracts. Amortization of these player agreements was $5.5 million during 2002. Assuming the player agreements are not terminated early, the amortization to be charged against annual earnings will be approximately $3.3 million in 2003 and $2.6 million thereafter.

Summary of Consolidated Operating Results

	Canada				U.S				Total			
	2002	**2002**	2001	2001	**2002**	**2002**	2001	2001	**2002**	**2002**	2001	2001
	$000,000's	%	$000,000's	%	$000,000s	%	$000,000's	%	$000,000's	%	$000,000's	%
Assets under management	6,160	27.5%	4,911	21.2%	1,483	26.6%	1,075	19.5%	7,643	27.3%	5,986	20.9%
Assets under administration	16,245	72.5%	18,210	78.8%	4,100	73.4%	4,437	80.5%	20,345	72.7%	22,647	79.1%
Total assets	**22,405**	**100.0%**	23,121	100.0%	**5,583**	**100.0%**	5,512	100.0%	**27,988**	**100.0%**	28,633	100.0%

	Canada				U.S				Total			
	2002	**2002**	2001	2001	**2002**	**2002**	2001	2001	**2002**	**2002**	2001	2001
	$000's	% *	$000's	% *	$000's	% *	$000's	% *	$000's	% *	$000's	% *
Financial and other services [1]	273,293	98.4%	253,279	98.3%	35,759	32.8%	34,056	30.6%	309,052	80.0%	287,335	77.9%
Redemption fees	4,364	1.6%	4,398	1.7%	-	-	-	-	4,364	1.1%	4,398	1.2%
Business management	-	-	-	-	47,242	43.5%	44,287	39.8%	47,242	12.2%	44,287	12.0%
Sports representation	-	-	-	-	25,721	23.7%	32,918	29.6%	25,721	6.7%	32,918	8.9%
Total revenues	277,657	100.0%	257,677	100.0%	108,722	100.0%	111,261	100.0%	386,379	100.0%	368,938	100.0%
Advisor compensation	132,507	47.7%	130,592	50.7%	16,087	14.8%	19,803 [4]	17.8%	148,594	38.5%	150,395	40.8%
Operating expenses	74,245	26.7%	71,837	27.9%	78,476	72.2%	71,183 [4]	64.0%	152,721	39.5%	143,020	38.8%
EBITDA [2] before restructuring	**70,905**	**25.5%**	55,248	21.4%	**14,159**	**13.0%**	20,275	18.2%	**85,064**	**22.0%**	75,523	20.5%
Earnings (loss) before goodwill amortization	23,758	8.6%	17,105	6.6%	(780) [3]	-0.7%	6,215	5.6%	22,978	5.9%	23,320	6.3%
Goodwill amortization	-	-	12,724	4.9%	-	-	18,627	16.7%	-	-	31,351	8.5%
Net earnings (loss)	**23,758**	**8.6%**	4,381	1.7%	**(780)**	**-0.7%**	(12,412)	-11.2%	**22,978**	**5.9%**	(8,031)	-2.2%
After-tax cash flow [2]	**$61,059**	**22.0%**	$43,609	16.9%	**$5,409**	**5.0%**	$10,953	9.8%	**$66,468**	**17.2%**	$54,562	14.8%

* *Percentage of revenue*

(1) *Includes investment management, distribution, mortgage and insurance services revenue.*

(2) *EBITDA (Earnings before interest, taxes, depreciation and amortization) and after-tax cash flow (operating cash flow) are non-GAAP (generally accepted accounting principles) earnings and cash flow measures.*

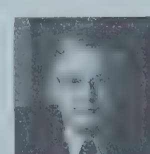
Management believes that most of its shareholders, creditors, other stakeholders and investment analysts prefer to analyze the company's results based on these performance measurements.

(3) *Net of amortization of $5.5 million relating to player agreements carrying value segregated from goodwill as of January 1, 2002.*

(4) *Restated to conform with 2002 presentation.*

"In a challenging economic and market environment, Assante delivered strong performance."

Denis Taillieu, Chief Financial Officer, Assante Corporation



Summary of Consolidated Operating Results (continued)

Revenue

Revenue for the year was $386.4 million, up $17.4 million or 4.7 per cent over the $368.9 million reported in 2001. This increase was due primarily to Canadian investment management revenues (from the net sales of portfolio management services) increasing by $28.6 million from last year. Canadian investment management revenues increased to 35 per cent of total revenues in 2002, up from 29 per cent in 2001.

EBITDA

EBITDA before restructuring was $85.1 million for the year, a 12.6 per cent increase from the $75.5 million reported in 2001. Advisor compensation decreased from $150.4 million in 2001 to $148.6 million in 2002. As a percentage of revenue, advisor compensation decreased to 38.5 per cent from 40.8 per cent in 2001. This decrease corresponds directly with the proportionate increase in Canadian investment management revenues as a percentage of overall revenues.

Net earnings

Net earnings for the year ended December 31, 2002 totaled $23 million, up $31 million over a net loss of $8 million in 2001. The increase is attributable to several factors including:

- continued strong net sales in Canada;
- the adoption of the new accounting standard relating to goodwill that was recommended by the Canadian Institute of Chartered Accountants and introduced earlier this year, which resulted in a net reduction in the amortization of goodwill and player agreements of $25.8 million; and
- investment management revenues from the Canadian operations, excluding redemption fees, increasing by $28.6 million or 26.7 per cent over 2001.

offset in part by:

- the impact of the $6.7 million reduction in revenues resulting from the football player representation agreements that were terminated in 2001 at Steinberg Moorad & Dunn, Inc.; and
- increase in U.S. infrastructure costs of $3.3 million during the year.

After-tax cash flow

After-tax cash flow was $66.5 million for the year versus $54.6 million reported in 2001. The $11.9 million improvement was due to the higher EBITDA before gains on investments and restructuring, $3.8 million lower interest costs and $3.9 million lower current taxes.

Per share amounts

On a diluted basis, EBITDA before restructuring, after-tax cash flow and net earnings per share for the years ended December 31 were as follows:

($Cdn per share)	**December 31, 2002**	December 31, 2001
EBITDA before restructuring	$ 1.01	$ 0.96
After-tax cash flow	0.79	0.69
Net earnings (loss)	0.27	(0.11)

Segmented Operating Results

A more complete discussion of the results of operations on a segmented basis follows.

Assante Canada

Assets under management

AUM in Canada increased 25.4 per cent to nearly $6.2 billion mainly on the strength of net sales of $1.5 billion during the year as compared to net sales of $748 million in 2001.

Assets under administration

AUA decreased during the year to $16.2 billion from $18.2 billion at December 31, 2002. The decline was attributable to market conditions.

Revenue

($Cdn, in thousands except as noted)	**2002**	**% of Total**	2001	% of Total
Investment management, excluding redemption fees	$ 135,986	49.0%	$ 107,338	41.7%
Redemption fees	4,364	1.6%	4,398	1.7%
Distribution	137,307	49.4%	145,941	56.6%
Total revenue	**$ 277,657**	**100.0%**	$ 257,677	100.0%

Revenue was up $20 million or 7.8 per cent versus a year ago. The $28.6 million or 26.7 per cent growth in investment management revenue was the result of $1.5 billion of net sales of personalized portfolio management services over the last 12 months. Redemption revenue continued to remain low, with the redemption rate as a percentage of AUM being 10.6 per cent. Excluding a $4.3 million gain from an investment, distribution revenues declined $12.9 million or 8.9 per cent, due primarily to uncertain equity markets and lower AUA levels.

Expenses

($Cdn, in thousands except as noted)	**2002**	**% of Total**	2001	% of Total
Advisor compensation – variable	$ 132,507	64.1%	$ 130,592	64.5%
Operating expenses	74,245	35.9%	71,837	35.5%
Total expenses	**$ 206,752**	**100.0%**	$ 202,429	100.0%

Advisor compensation was $132.5 million, an increase of $1.9 million or 1.5 per cent over the $130.6 million reported in 2001. Advisor compensation as a percentage of total revenue, excluding the gain on the sale of an investment, decreased to 48.5 per cent from 50.7 per cent in 2001. This decrease corresponds directly with the proportionate rise in investment management revenue as a percentage of overall revenue this year.

Operating expenses were $74.2 million for the year ended December 31, 2002 compared with $71.8 million recorded a year ago. The increase of $2.4 million or 3.4 per cent is primarily due to increased severance costs.

EBITDA, after-tax cash flow and net earnings

EBITDA before restructuring was $70.9 million, an increase of $15.7 million from the $55.2 million recorded for 2001. As noted above, this is due principally to the strong net sales in Canada.

After-tax cash flow was $61.1 million for the year, a 40 per cent increase from last year's $43.6 million, due largely to the EBITDA improvement excluding gains on investments, lower interest costs of approximately $3.2 million and current income taxes of $2.7 million in the current year.

Net earnings were $23.8 million for the year ended December 31, 2002, an increase of $19.4 million from a year ago. The increase was due to the EBITDA improvement, a $3.2 million drop in interest costs, and the elimination of goodwill amortization of $12.7 million and restructuring charges of $2 million, offset by higher amortization of deferred sales commissions and capital assets of $6.1 million during the year and an increase in income taxes of $8.1 million.

Assante US

Assets under management

AUM increased to $1.5 billion, up $0.4 billion or 38 per cent from the balance a year ago. This increase is attributable to several factors, including increasing net new sales, greater demand for portfolio management services within our existing U.S. client base and assets previously under administration shifting to managed assets.

Assets under administration

AUA including directed assets decreased by 7.6 per cent or $0.3 billion to $4.1 billion versus $4.4 billion at December 31, 2001. Directed assets increased to $3 billion at December 31, 2002 versus $2.9 billion a year ago.

Revenue

($Cdn, in thousands except as noted)	**2002**	**% of Total**	2001	% of Total
Business Management	$ 47,242	43.5%	$ 44,287	39.8%
Sports Representation	25,721	23.7%	32,918	29.6%
Financial and other services [1]	35,759	32.8%	34,056	30.6%
Total revenue	**$ 108,722**	**100.0%**	$ 111,261	100.0%

(1) Includes investment management, distribution, mortgage and insurance services.

Revenue for the year ended December 31, 2002 was $108.7 million, compared to $111.3 million in 2001, a decrease of $2.5 million or 2.3 per cent.

Business management revenues are up $3 million or 6.7 per cent, due to a combination of increased revenues from existing clients and the addition of new clients in both New York and Los Angeles.

Sports representation revenues declined by $7.2 million, mainly due to the impact of the $6.7 million reduction in revenues resulting from the football player representation agreements terminated in 2001 at Steinberg Moorad & Dunn, Inc. (See discussion under "Other Matters" for further details.)

Revenue from financial and other services was $35.8 million, up $1.7 million or 5 per cent over last year. The increase was as a result of increase in assets under management and gains arising from the sale of Bermuda operations and other financing activities aggregating $4.5 million offset by reduction in revenue from Bermuda operations of $4.3 million.

Expenses

($Cdn, in thousands except as noted)	**2002**	**% of Total**	2001[1]	% of Total
Advisor compensation – variable	$ 16,087	17.0%	$ 19,803	21.8%
Operating expenses	78,476	83.0%	71,183	78.2%
Total expenses	**$ 94,563**	**100.0%**	$ 90,986	100.0%

(1) Restated to conform with the 2002 presentation.

Advisor compensation was $16.1 million, decreasing $3.7 million from the $19.8 million recorded in 2001. This decrease includes the elimination of $3.2 million of costs relating to the Bermuda operation that was sold and a shift in the mix of financial service revenue compared to the prior year.

Operating expenses were $78.5 million for the year, $7.3 million higher than the $71.2 million incurred a year ago. The increase was due to $3.3 million incremental corporate costs primarily relating to the strengthening of management infrastructure in New York and Los Angeles and increased costs coinciding with the revenue increase in business management services. The operating costs relating to sports representation services increased as well, due to growth in revenue while the company continued to incur costs to rebuild the football operations of Steinberg Moorad & Dunn, Inc.

EBITDA, after-tax cash flow and net earnings

EBITDA before restructuring was $14.2 million, a decrease of $6.1 million or 30.2 per cent when compared to the 2001 contribution of $20.3 million. Excluding the gains taken on investments, EBITDA contributions for the year amounted to $9.4 million, a decrease of $10.9 million or 54 per cent. The decline in EBITDA is principally due to the drop in EBITDA from Steinberg Moorad & Dunn, Inc. of approximately $8.4 million and an increase in U.S. corporate infrastructure costs of $3.3 million offset by contributions from financial and other services.

After-tax cash flow was $5.4 million, representing a decrease of $5.5 million compared with $11 million in 2001. The decrease was the result of the reduced EBITDA contributions before restructuring of $7.3 million excluding gains on investments offset by $0.6 million reduced interest costs and a $1.2 million decrease in current income taxes.

Net loss for the year ended December 31, 2002 was $0.8 million, compared to a net loss of $12.4 million reported by the company for the year ended December 31, 2001. This improvement was primarily due to the elimination of the amortization of acquired goodwill of $13.1 million net of recording $5.5 million of amortization of player agreements, and the impact of the drop in contribution from the football representation revenue at Steinberg Moorad & Dunn, Inc.

Financial Condition

Liquidity, Hedging and Capital Resources

As at December 31, 2002, the company had credit facilities of $132 million and US$43.1 million from a syndicate of lenders. The credit facilities provide the company with $120 million for the purpose of funding deferred sales commissions (DSCs), $12 million for general corporate purposes and US$43.1 million for acquisition financing.

As at December 31, 2002, the company had total long-term debt of $155 million with an overall weighted-average interest rate of 7.25 per cent. The long-term debt is comprised of $150 million of bank loans, and approximately $5 million of other debt. In terms of currency, the long-term debt is denominated in loans of $87.3 million and US$43.1 million.

Subsequent to December 31, 2002, the company entered into a new loan agreement with a syndicate of Canadian lenders to provide revolving credit facilities of $150 million and US$35 million. These new credit facilities provide the company with funds for general corporate purposes, including acquisitions. No payments are required against these facilities until 2005 at the earliest.

The company regularly monitors and minimizes its interest rate risks by using derivative contracts to hedge its risk exposure. The company has entered into interest rate swap contracts, which expire between September 2004 and May 2005. These contracts convert the floating interest rates paid by the company on $29.7 million of outstanding bank debt into fixed interest rates of 6.28 per cent to 7.27 per cent per annum. In addition, the company entered into an interest rate cap for $7.8 million that expires in May 2005, which entitles the company to pay the lower of the floating bankers acceptance rate or a fixed rate of six per cent. Accordingly, the company has converted $37.5 million of its outstanding floating interest rate debt into fixed interest rates.

The company regularly monitors and minimizes its interest rate risks ...ing derivative contracts to hedge its risk exposure.

The company also entered into a foreign exchange forward contract, which is used to manage foreign currency exposure on U.S. operations. This instrument is marked to market and carried at fair value on the consolidated balance sheet, with the changes in fair value recorded in non-interest revenue.

The company believes that the cash flow from operating activities, together with its borrowing capacity under the credit facilities, will be sufficient to meet its ongoing working capital, DSCs, planned capital spending and debt service requirements. The company expects to finance any acquisitions through a combination of cash flow from existing operations, additional debt and the issuance of equity or a combination thereof.

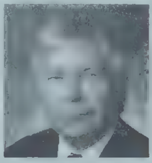
Other Matters

During 2001, a senior employee of Steinberg Moorad & Dunn, Inc. left the company along with certain other employees. The company initiated legal action against the employees and various other parties as a result of the actions of these employees. In November 2002 a jury awarded the company damages of US$4.6 million against the senior employee and US$40 million against Athletes First, the company that was formed to carry on the sports agency representation business by the employee and others. In addition, in February 2003 the court awarded the company a further US$2.7 million from the senior employee in respect of legal fees incurred in prosecuting the action.

The defendants are expected to appeal the court's rulings. Management expects, based on the advice of counsel, that the defendants' appeal will be unsuccessful. Furthermore, management is reviewing certain aspects of the decision by the courts to determine if appeals should be made against certain rulings in order to claim additional amounts from other parties.

"The success of the litigation against one of our former sports agents was important to validating our business structure but also the structure of a large segment of the sports representation business."

Bruce Warnock, General Counsel, Assante Co



At this time the company has reflected the litigation costs incurred, net of recoveries to date, as an asset. The company expects that the collection of the amounts will require a variety of actions including procedures necessitated by the Chapter 11 filing of the senior employee on February 10, 2003. As amounts are recovered from the defendants, the asset will be reduced. Recoveries in excess of the costs incurred will be included in the statement of earnings. As at December 31, 2002, the recoverable amount reflected on the balance sheet is $11.7 million with a corresponding future tax liability of $7.5 million. Based on the information currently available, management believes that there is no requirement to reduce the recoverable amount reflected in the company's accounts. As further information becomes available, management will review the carrying value of this asset and if necessary reduce the amount based on an evaluation of such information.

As a result of this matter, approximately 40 athletes terminated their representation agreements. The company believes the fees relating to the negotiation of these players' contracts and certain renewals remain owing to the company. The company is pursuing collection of these amounts and, where necessary, has filed actions with the National Football League Players Association (NFLPA) against these players to recover the unpaid fees relating to the 2000-2001 playing seasons. The company expects these actions to be successful. In 2003 the company also expects to file actions with the NFLPA in respect to representation fees for the 2002 playing season. In addition, the company expects to collect amounts relating to future playing seasons annually, in accordance with the terms of the representation agreements.

The company has included in its earnings estimated revenues relating to the 2000 and 2001 playing seasons in respect to the terminated player contracts, and has provided allowances in respect to collectibility of the amounts owing, which management considers reasonable at this time based on available information. The company has determined that no revenue should be recorded in the accounts of the company in respect to the 2002 playing season that has not been received until the company's right to these representation fees is affirmed by the NFLPA and the company is satisfied as to the collectibility of the amounts. Based on the information currently available, the estimated representation fees relating to the 2002 playing season that may be recognized at a future date are approximately $2 million.

Challenges and Risks Affecting the Company

Regulatory

In both Canada and the U.S. we expect to see continued regulatory change in 2003. The company supports the regulatory efforts that protect the interests of clients and preserve the integrity and reputation of the industries in which we operate. Increased regulatory changes relating to shareholders and other stakeholders are also expected and the company will move forward on these changes as consensus develops.

Strategic Relationships

The company has entered into a variety of strategic relationships with other financial entities and service providers as part of the company's strategy to diversify its product and service offering. These agreements also allow the company to better manage risks with respect to certain process and service offerings.

Client Relationships

The company operates in highly competitive industries in Canada and the U.S. The ability of the company to maintain and expand on its client relationships is directly impacted by its ability to meet the needs and expectations of its clients in a changing environment. The company today relies on the company's advisor relationship with the client to deliver solutions affecting current and future needs of the client. The company is continuing to work on expanding the client relationship to better meet the needs of the client and have the client recognize the Assante brand and the standard it represents.

Sufficiency of Insurance

The company operates in businesses where clients delegate discretion over their assets and affairs and as such, the company and its advisors may have a higher standard of care imposed on them than would apply to other businesses. In the normal course of business, the company may be subject to claims by clients as a result of errors and omissions made in the provision of its products and services. The company maintains various types of insurance to cover this and other business risks. At this time, the company believes that the insurance coverages are reasonable and appropriate. However in these uncertain market conditions, there is the risk that the ability to continue to obtain insurance at a reasonable cost for the required coverage may not be available. The company monitors this closely and continues to review processes and procedures aimed at managing these risks at an acceptable level.

Outlook

Market conditions are expected to remain uncertain for a significant portion of 2003. Clients are expected to therefore continue to seek safe haven in terms of risk tolerance that is consistent with an integrated approach to life management services. As a result, we expect that assets under management will continue to increase in 2003 with management fee revenues increasing accordingly. These management fees will be affected by the shift in the markets throughout 2003. Revenues from the distribution of financial services are not expected to increase significantly until prevailing market conditions change. The opportunity does exist to expand the advisor base to increase revenues in these uncertain times and the company will be focusing on this in 2003.

Accordingly, with respect to our Canadian business, the focus will be continued expense management consistent with revenues being realized.

In the U.S., we expect that the demand for business management services in the U.S. will remain stable while sports representation services will increase over the prior year as players contracts are negotiated. The growth in financial services is expected to continue in 2003 although the pace of growth will be affected by uncertain market conditions. The company will be seeking opportunities through recruitment and acquisition to facilitate growth where practical.

The overall uncertain times in the U.S. marketplace have, however, caused the company to change the approach to managing and building out the U.S. segment. The company is now placing increased emphasis on reducing costs not directly related to immediate revenue generation and realigning other corporate resources to place greater emphasis on the U.S. operations.

Management's Responsibility For Financial Reporting

The accompanying consolidated financial statements and all information in the annual report are the responsibility of management. The consolidated financial statements were prepared in accordance with generally accepted accounting principles in Canada and, where appropriate, reflect management's best estimates and judgements. Management is responsible for the integrity, objectivity and reliability of the consolidated financial statements and for the consistency of financial data included in the text of the annual report with that contained in the consolidated financial statements.

The integrity of the financial statements is supported by an extensive and comprehensive system of internal controls. Management believes the internal controls provide reasonable assurance that financial records are reliable and form a proper basis for the preparation of financial statements and that the company's assets are properly accounted for and safeguarded.

The board of directors carries out its responsibility for the financial statements in this annual report principally through its audit committee, consisting of directors who are not employees or officers of the company. The audit committee meets with management as well as with the independent auditors to satisfy itself that management is properly discharging its financial reporting and internal control responsibilities, and to review the consolidated financial statements and the independent auditors' report. The audit committee reports its findings to the board of directors for consideration in approving the consolidated financial statements for presentation to the shareholders. The independent auditors have direct access to the audit committee.

The consolidated financial statements have been independently audited on behalf of the shareholders by the independent external auditors, KPMG LLP, in accordance with generally accepted auditing standards. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the company.

Martin S. Weinberg
Chairman, President and CEO

Denis Taillieu
Chief Financial Officer

March 5, 2003

Auditors' Report

To the Shareholders of Assante Corporation

We have audited the consolidated balance sheets of Assante Corporation as at December 31, 2002 and 2001 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

KPMG LLP
Chartered Accountants

Winnipeg, Canada

March 5, 2003

Consolidated Balance Sheets

December 31, 2002 and 2001 (In thousands of dollars)

	2002	2001
Assets		
Current assets:		
Cash and short-term investments (note 3)	$ 26,348	$ 24,087
Cash in escrow (note 3)	–	24,619
Clients' cash in trust (note 3)	85,915	104,172
Accounts receivable and prepaid expenses (note 4)	74,501	72,516
Income taxes recoverable	415	–
Due from shareholders (note 5)	6,292	5,834
	193,471	231,228
Due from shareholders (note 5)	13,901	12,507
Deferred charges and sales commissions (note 6)	106,439	84,288
Goodwill, net of amortization of $79,530	265,492	261,892
Capital assets (note 7)	34,628	28,860
Other assets (note 8)	22,987	5,516
	$ 636,918	$ 624,291

Consolidated Balance Sheets

December 31, 2002 and 2001 (In thousands of dollars)

	2002	2001
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 59,103	$ 48,115
Trust funds payable (note 3)	85,915	104,172
Income taxes payable	–	375
Current portion of deferred revenue	5,257	7,042
Current portion of long-term debt	3,029	26,655
Current portion of obligations under capital leases	3,055	2,958
	156,359	189,317
Long-term debt (note 9)	152,368	134,800
Long-term obligations under capital leases (note 10)	1,861	4,062
Deferred revenue (note 11)	6,536	7,333
Future income taxes (note 13)	21,530	13,903
Shareholders' equity:		
Contributed surplus	183	183
Capital stock (note 12)	296,765	253,189
Special warrants (note 12)	–	48,604
Due to vendors (note 12)	11,748	7,702
Deficit	(6,865)	(29,843)
Cumulative translation account	(3,567)	(4,959)
	298,264	274,876
Commitments and contingencies (note 14)		
	$ 636,918	$ 624,291

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Martin S. Weinberg

Gregory A. Milavsky

Consolidated Statements of Operations

Years ended December 31, 2002 and 2001 (In thousands of dollars except per share amounts)

	2002	2001
Revenue	$ 386,379	$ 368,938
Expenses:		
Advisor compensation – variable	148,594	150,395
Operating expenses	152,721	143,020
	301,315	293,415
Earnings before restructuring costs, interest, amortization and income taxes	85,064	75,523
Restructuring costs (note 18)	1,645	2,292
Earnings before interest, amortization and income taxes	83,419	73,231
Interest and financing expense	10,425	14,183
Amortization	39,895	28,142
Earnings before income taxes	33,099	30,906
Income taxes (note 13):		
Current	2,634	6,544
Future	7,487	1,042
	10,121	7,586
Earnings before goodwill amortization	22,978	23,320
Goodwill amortization	–	31,351
Net earnings (loss)	**$ 22,978**	$ (8,031)
Earnings (loss) per share (note 15):		
Basic:		
Excluding goodwill charges	$ 0.28	$ 0.32
Including goodwill charges	0.28	(0.11)
Diluted:		
Excluding goodwill charges	0.27	0.30
Including goodwill charges	0.27	(0.11)

Consolidated Statements of Deficit

Years ended December 31, 2002 and 2001 (In thousands of dollars)

	2002	2001
Deficit, beginning of year	$ (29,843)	$ (21,812)
Net earnings (loss)	22,978	(8,031)
Deficit, end of year	**$ (6,865)**	$ (29,843)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31, 2002 and 2001 (In thousands of dollars except per share amounts)

	2002	2001
Cash flows from operating activities:		
Net earnings (loss)	$ 22,978	$ (8,031)
Items not involving cash:		
Amortization - goodwill	–	31,351
Amortization - deferred sales commissions	21,398	16,552
Amortization - other	18,497	11,590
Loss (gain) on disposal of capital assets	39	(12)
Restructuring charge	1,645	2,292
Gain on investments	(5,576)	(222)
Future income taxes	7,487	1,042
Operating cash flow	66,468	54,562
Change in non-cash operating working capital	5,885	(34,019)
	72,353	20,543
Cash flows from financing activities:		
Due from shareholders	(2,800)	(1,306)
Long-term debt, issuances	52,164	84,083
Repayments of long-term debt	(57,555)	(93,235)
Principal payments under capital lease obligations	(2,791)	(2,361)
Issue of special warrants and shares, net of return of capital and due to vendor	(11,623)	48,523
	(22,605)	35,704
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(4,975)	(9,778)
Deferred charges and sales commissions	(45,402)	(25,988)
Acquisition of capital assets	(15,603)	(5,984)
Proceeds on disposition of investments	6,056	–
Other assets (note 14[c])	(11,704)	–
Other	(991)	(1,049)
	(72,619)	(42,799)
Effect of currency translation adjustment on cash flows	513	956
(Decrease) increase in cash and cash equivalents	(22,358)	14,404
Cash and cash equivalents, beginning of year	48,706	34,302
Cash and cash equivalents, end of year	**$ 26,348**	$ 48,706

Cash and cash equivalents consists of cash, short-term investments and cash in escrow.

	2002	2001
Supplementary disclosure of cash flow information:		
Interest paid	$ 13,700	$ 14,232
Income taxes paid	3,424	13,311
Operating cash flow per share (note 15):		
Basic	$ 0.81	$ 0.75
Diluted	0.79	0.69

Assets under capital lease of $823 (2001 - $3,870) and the related obligations under capital lease have been excluded from financing and investing activities on the cash flow statement.

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2002 and 2001 (In thousands except per share amounts)

General:

Assante Corporation (the "Company") is incorporated under the Canada Business Corporations Act. The Company's principal business includes the development and distribution of a broad range of products and services principally to its clients in Canada and the United States. Assante's services offer a multidisciplinary approach to financial planning, investment advice, wealth management, estate and succession planning, insurance, business management and sports representation services.

1. Significant accounting policies:

(a) Basis of presentation and consolidation:

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and include the accounts of the Company and its subsidiaries. The principal operating subsidiaries are:

- Assante Advisory Services Ltd.
- Assante Asset Management Inc.
- Assante Asset Management Ltd.
- Assante Business Management Inc.
- Assante Business Management (NY) Inc.
- Assante Capital Management Inc.
- Assante Capital Management Ltd.
- Assante Estate and Insurance Services Corporation
- Assante Estate and Insurance Services Inc.
- Assante Financial Management Ltd.
- Assante Global Advisors Inc.
- AGA Mortgage Services Inc.
- Assante Holdings Inc.
- Assante Sports and Entertainment Inc.
- Fegan & Associates, Inc.
- Maximum Sports Management, Inc.
- M.D. Gillis and Associates Ltd.
- Steinberg Moorad & Dunn, Inc.

All significant inter-company transactions have been eliminated in these financial statements.

(b) Capital assets:

Capital assets are recorded at cost. Capital assets acquired under a capital lease are initially recorded at the present value of the minimum lease payments at the inception of the lease. Amortization is provided using the following methods and rates:

Asset	Basis	Rate
Office, computer equipment and software	Declining balance	20-50%
	Straight-line	3 - 5 years
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line over the term of the leases	
Equipment under capital leases	Declining balance over the term of the leases	

(c) Deferred charges and sales commissions:

Commissions paid on sales of deferred sales charge mutual funds represent commissions paid by the Company to brokers and dealers and are recorded on the trade date of the sale of the applicable mutual fund units. These commissions are deferred and amortized over a period of 84 months commencing in the month in which the commissions are paid.

Deferred charges representing financing and reorganization costs are being amortized on a straight-line basis over periods ranging from three to five years. Other deferred charges are being amortized on a straight-line basis over three years.

(d) Goodwill and other intangible assets:

Effective January 1, 2002, the Company adopted the new accounting standard for goodwill and other intangible assets approved by the Canadian Institute of Chartered Accountants. Under this standard, goodwill, representing the excess of the purchase price over the fair value of the net assets acquired in business combinations, and other intangible assets with indefinite life are no longer amortized after January 1, 2002 but will be subject to, at least annually, an impairment review to ensure that the fair value remains greater than, or equal to the book value of these assets. Any excess of book value over fair value will be charged to income in the period in which the impairment is determined.

The Company completed its transitional impairment testing on the balance of goodwill and other intangible assets, with indefinite lives, as at the adoption date and has determined that no impairment charge was necessary.

Effective January 1, 2002, the Company adopted the Canadian Institute of Chartered Accountants' accounting standard for business combinations. Under this standard, if certain criteria are met upon initial adoption of the standard on goodwill and other intangible assets, reclassification between goodwill and other intangible assets are required for any business combinations completed before July 1, 2001. As a result of the adoption of the new standard, the Company segregated from goodwill and intangible assets the unamortized value of player representation agreements still in effect as at January 1, 2002 that were in place at the time of acquisition of each of the related sports agencies. The unamortized value of these contracts was $11.5 million, which has been segregated into other assets and is being amortized on a straight-line basis over the remaining life of these agreements (note 8).

The Company acquires businesses principally on the basis of their clients, advisors and related assets under administration. Prior to January 1, 2002, the excess purchase price over the estimated fair value of identifiable net assets of acquired companies was amortized on a straight-line basis over ten years except for goodwill arising on the acquisition of business management firms which was amortized on a straight-line basis over twenty years. The carrying value of goodwill was written-down to fair value when declines in value were considered to be other than temporary, based on expected cash flows produced through operations. Management had determined that no write-down of goodwill was required.

1. Significant accounting policies (continued):

(e) Revenue recognition:

Revenue derived from providing management and administrative services is recognized at the time services are rendered. Billings in excess of earned service are included in deferred revenue.

Commission revenue derived from securities transactions and related revenues are recorded on a trade-date basis.

Redemption fees payable by unitholders of deferred sales charge mutual funds, the sales commission of which was financed by the Company, are recognized as revenue on the trade date of the redemption of the applicable mutual fund securities.

Commission revenue derived from the sale of insurance product is recognized when the policy is underwritten by the insurance carrier, with an allowance recognized based on historical approval and issuance percentages.

Revenue from sport representation services is recognized over the term of the underlying contract between the sports team and athlete unless the athlete terminates the representation agreement with the Company. In those circumstances, any deferred revenue is recognized at the time of termination and remaining future entitlements from the player are recognized at such time as there is reasonable expectation of the Company being entitled to its fee based on the agreement between the athlete and the sports team. Billings in excess of revenue earned is included in deferred revenue.

(f) Leasehold inducements:

Leasehold inducements received by the Company are deferred and amortized on a straight-line basis over the term of the respective lease.

(g) Income taxes:

The Company uses the asset and liability method to provide for income taxes on all transactions recorded in the consolidated financial statements. This method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets or liabilities and their tax bases. Future income tax assets and liabilities are determined based on the enacted or substantially enacted tax rates which are expected to be in effect when the underlying items of income and expense are expected to be realized.

(h) Stock-based compensation:

Effective January 1, 2002, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants for stock-based compensation and other stock-based payments. The Company provides compensation to certain employees in the form of stock options. The Company follows the intrinsic value based method of accounting for such awards; consequently no expense is recognized for stock options as the strike price thereon is set at or greater than the market price of the Company's stock on the date of issue. When options are exercised, the proceeds received by the Company are recorded as common share capital.

The Company also has an employee share purchase plan where certain employees are eligible to contribute up to 4% of their base salary to the plan on a monthly basis, and the Company contributes 50% of the employee's contribution to the plan. The Company's contributions are used by the plan trustee to purchase common shares of the Company in the open market on behalf of the respective employees. The Company's contributions to this plan are charged to income as incurred.

(i) Foreign exchange translation:

The financial statements of U.S. subsidiaries are considered self-sustaining and are translated using the current rate method. Assets and liabilities are translated at the exchange rate in effect at the balance sheet date and earnings statement items are translated at the average exchange rate for the period. Translation adjustments arising from exchange rate fluctuations are shown as a "cumulative translation account" under shareholders' equity until realized, at which time they are transferred to income.

(j) Derivative financial instruments:

The Company is party to certain derivative financial instruments, principally interest rate swap contracts (used to manage the exposure to interest rate cash flow risk) and currency option contracts (used to manage foreign currency exposures on U.S. operations). These instruments are not recognized in the consolidated financial statements on inception. Payments and receipts under interest rate swap contracts are recognized as adjustments to interest expense on long-term debt.

The Company also entered into a foreign exchange forward contract which is used to manage foreign currency exposure on U.S. operations. This instrument is marked to market and carried at fair value on the consolidated balance sheet with the changes in fair value recorded in non-interest revenue.

(k) Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

(l) Comparative figures:

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

2. Acquisitions:

No significant acquisitions were made by the Company in 2002 or 2001. During 2002 and 2001, $14.3 million and $19.1 million respectively of additional consideration relating to prior years' acquisitions has been recorded for which cash payments or capital stock has been or will be issued.

3. Cash and short-term investments, clients' cash in trust and cash in escrow:

Short-term investments consist of investments in treasury bills, short term government bonds and various money market mutual funds.

Cash in 2001 also included the escrowed portion of the proceeds on the special warrant offering of the Company. These proceeds were released from escrow upon the issuance of the common shares related to the offering on March 14, 2002 (see note 12 (d)).

3. Cash and short-term investments, clients' cash in trust and cash in escrow (continued):

Included in clients' cash in trust are amounts representing cash held in trust with Canadian financial institutions for clients in respect of self-administered Registered Retirement Savings Plans and Registered Retirement Income Funds. Clients' cash in trust also includes clients' funds on deposit representing amounts received from clients for which the settlement date on the purchase of securities has not occurred or accounts in which the clients maintain a cash balance. The corresponding liabilities are included in trust funds payable.

4. Accounts receivable and prepaid expenses:

	2002	2001
Commissions receivable	$ 20,770	$ 16,803
Advances to employees, financial advisors and related parties	8,423	11,206
Client receivables	39,800	39,490
Other receivables	2,273	791
Prepaid expenses	3,235	4,226
	$ 74,501	$ 72,516

5. Due from shareholders:

	2002	2001
Due from shareholders relating to share purchases, bearing interest rates ranging from bank prime plus 1% to 2.5 %	$ 16,100	$ 15,211
Due from shareholders, other, bearing interest at prime plus 1%	4,093	3,130
	20,193	18,341
Current portion	6,292	5,834
	$ 13,901	$ 12,507

Due from shareholders relates to share purchase loans advanced to advisors and employees of the Company and its subsidiaries. These loans are secured by a general security agreement and a pledge of the Company's shares so acquired.

Other amounts due from shareholders relate to amounts incurred by the Company on behalf of certain shareholders relating to pre-acquisition litigation that are secured by shares and other security pledged by those shareholders. These amounts will be recovered at such time as the various claims are settled.

Interest and fees received during the year by the Company from shareholders was $725 (2001- $963).

The repayment terms of the loans to shareholders from share purchases for the next five years and thereafter are as follows:

2003	$ 6,292
2004	3,311
2005	2,735
2006	2,763
2007	981
Thereafter	18
	$ 16,100

6. Deferred charges and sales commissions:

	2002	2001
Sales commissions, net of accumulated amortization of $68,738 (2001 - $47,347)	$ 99,419	$ 79,631
Other, net of accumulated amortization of $9,852 (2001 - $11,965)	7,020	4,657
	$106,439	$ 84,288

7. Capital assets:

December 31, 2002	Cost	Accumulated amortization	**Net book value**
Office, computer equipment and software	$ 42,704	$ 20,604	$ 22,100
Furniture and fixtures	7,284	3,556	3,728
Leasehold improvements	7,962	2,929	5,033
Equipment under capital leases	11,567	7,800	3,767
	$ 69,517	$ 34,889	**$ 34,628**

December 31, 2001	Cost	Accumulated amortization	**Net book value**
Office, computer equipment and software	$ 30,315	$ 16,306	$ 14,009
Furniture and fixtures	7,163	3,467	3,696
Leasehold improvements	7,077	2,576	4,501
Equipment under capital leases	12,656	6,002	6,654
	$ 57,211	$ 28,351	**$ 28,860**

8. Other assets:

	2002	2001
Recoverable costs (note 14[c])	$ 11,704	$ –
Player representation agreements, net of accumulated amortization of $5,526 (note 1[d])	5,942	–
Deposits and other accounts receivable	1,158	1,190
Interest in partnerships	346	944
Investment in trailer fees	2,048	2,459
Other	1,789	923
	$ 22,987	$ 5,516

9. Long-term debt:

Long-term debt consists of the following:

	2002	2001
$120,000 revolving term loan, bearing interest at bank prime rate plus 1.0%. The loan has a term of 7 years with annual renewals commencing May 1, 2003. Principal repayments are due monthly to May 1, 2003 based on specified redemption fees earned by the Company as set out in the loan agreement. The principal remaining on May 1, 2003 is currently scheduled to be repaid beginning October 27, 2003 with quarterly repayments thereafter over the remaining term of the loan, secured by a general security agreement conveying a first fixed and floating charge over all the assets of the Company. The Company may also draw-down the loan by way of bankers acceptance ("BA") and pay interest at the BA rate plus 2.0%. At December 31, 2002, $68,000 of the loan was drawn through the issuance of BA, maturing on January 20, 2003 and bearing a BA rate of 2.80%	$ 82,134	$ 62,298
U.S. $57,500 term loan, bearing interest at a London Interbank Offered Rate ("LIBOR") plus 2.25%. The loan has a term of 4 years with principal repaid quarterly beginning March 31, 2002 over the remaining term of the loan, secured by a general security agreement conveying a first fixed and floating charge over all the assets of the Company. At December 31, 2002, U.S. $43,125 (2001 – U.S. $57,500) of the loan was drawn through the issuance of a LIBOR, maturing on January 21, 2003 bearing a LIBOR rate of 1.43%	68,034	91,586
Other loans[1]	5,229	7,571
	155,397	161,455
Current portion	3,029	26,655
	$ 152,368	$ 134,800

(1) Other loans include the accrued termination obligations payable to former employees over their respective non-compete periods as specified in their employment contracts with the Company or its subsidiaries.

9. Long-term debt (continued):

To reduce the interest rate cash flow risk on the term loans, the Company has entered into various interest rate swap contracts and an interest rate cap contract. The interest rate swap contracts have notional principal amounts of CDN $3,750, CDN $6,250 and U.S. $12,500 which entitle the Company to receive interest at floating rates on the notional principal amount and oblige it to pay interest at a fixed rate of 7.27%, 6.28% and 6.54% respectively. The interest rate cap contract has a notional principal amount of $7,812 which entitles the Company to receive interest at floating rates on the notional principal amount and obliges it to pay interest at the lower of BA rates (floating) or a fixed rate of 6%. The net interest receivable or payable under the contracts is settled quarterly with the counter-party, which is a Canadian chartered bank.

Subsequent to December 31, 2002, the Company has entered into a new loan agreement with a syndicate of Canadian banks. The new loan consists of $150,000 and U.S. $35,000 revolving term loans with annual renewals commencing June 30, 2004. In the event the loans are not renewed, the principal remaining on June 30, 2004 will be repaid over four years with quarterly repayments commencing on September 30, 2005. The first four quarterly repayments will retire 20% of the outstanding principal, the next four quarterly repayments will retire 25% of the outstanding principal and the last four quarterly repayments will retire the remaining 55% of the outstanding principal. The new loans bear interest at bank prime rate plus 1.0% and the Company may also draw-down the loan by way of bankers acceptances ("BA") and London inter-bank offered rate ("LIBOR") to pay interest at BA/LIBOR rate plus 2.0%. The loan is secured by a general security agreement conveying a first fixed and floating charge over all the assets of the Company.

Based on the terms of the new lending agreements, the estimated minimum principal repayments in each of the next five years and thereafter based on amounts advanced at December 31, 2002 are approximately as follows:

2003	$ 3,029
2004	1,558
2005	26,816
2006	31,093
2007	55,129
Thereafter	37,772
	$ 155,397

10. Long-term obligations under capital leases:

	2002	2001
Period ending:		
2002	$ –	$ 3,605
2003	3,383	2,806
2004	1,547	1,309
2005	255	111
2006	128	–
2007	67	–
Total minimum lease payments	5,380	7,831
Less amount representing interest	464	811
Present value of net minimum capital lease payments	4,916	7,020
Current portion of obligations under capital leases	3,055	2,958
	$ 1,861	$ 4,062

11. Deferred revenue:

Deferred revenue consists of the following:

	2002	2001
Sports representation services (note 1[e])	$ 11,182	$ 14,042
Leasehold inducements	611	333
	$ 11,793	$ 14,375

Subject to acceleration of deferred revenue arising from early termination of sports representation agreements and property leases, deferred revenue is expected to be recognized as follows:

	Leasehold inducements	Sports representation services	Total
2003	$ 84	$ 5,173	$ 5,257
2004	141	3,032	3,173
2005	206	1,483	1,689
2006	67	351	418
2007 and thereafter	113	1,143	1,256
	611	11,182	11,793
Current portion of deferred revenue	84	5,173	5,257
	$ 527	$ 6,009	**$ 6,536**

12. Capital stock:

(a) Authorized capital stock for the years ended December 31, 2002 and 2001 consists of the following:

Authorized:

2002	2001	
Unlimited	Unlimited	Common shares
Unlimited	Unlimited	Class F Special shares, issuable in an unlimited number of series; Classes E, G, H and J Special shares, with each such class issuable in an unlimited number of series; (Class E, G and H cancelled June 14, 2001; J - June 11, 2002)
		Class I Special shares, issuable in an unlimited number of series to June 11, 2002; thereafter no unlimited class I shares to be issued
	500 billion	Class F Special Series I shares, redeemable for nominal consideration, have no dividend entitlement, are non-voting and are convertible into one common share per 11.8 class F Special shares;
	500 billion	Class F Special Series II shares, redeemable for nominal consideration, have no dividend entitlement, are non-voting and are convertible into one common share per 11.8 class F Special shares;
	1,339.796	Class I Special Series I shares, non-voting and convertible into common shares at a rate of $19 per share divided by the market price of common shares at the time of conversion to a maximum of $19 per share; if the market price of common shares is below $5 per share at the time of conversion, the issuer has the option of redeeming the shares for cash; dividend entitlement per share equal to the per share dividend declared on common shares;
	855.000	Class I Special Series VII shares, non-voting, convertible into common shares at a rate of U.S. $8.187 per share converted into Canadian funds on November 9, 2002 divided by the market price of the common shares at the time of conversion to a maximum of the Canadian dollar equivalent of US$8.187 per share. The issuer has the option of redeeming the shares for cash of US$5.5 million in total on November 8, 2002; dividend entitlement per share equal to the per share dividend declared on common shares.

Capital stock issued and outstanding consists of the following:

	2002	**2002**	2001	2001
	Number of shares outstanding	Amount	Number of shares outstanding	Amount
Issued:				
Common shares	84,714	$ 296,765	71,995	$ 216,275
Class I Special Shares Series I	–	–	1,340	25,766
Class I Special Shares Series VII	–	–	855	11,148
		$ 296,765		**$ 253,189**

12. Capital stock (continued):

(b) Capital stock issued (cancelled) during the year:

(i) Capital stock issued for cash consideration and loans receivable:

	2002	**2002**	2001	2001
	Number of shares issued	Amount	Number of shares issued	Amount
Common shares	**11,866**	**$ 49,171**	-	$ -

The common shares issued in 2002 included the common shares issued pursuant to the special warrant offering (note 12 [d])

(ii) Capital stock issued as consideration on the acquisition of companies:

	2002	**2002**	2001	2001
	Number of shares issued	Amount	Number of shares issued	Amount
Common shares	**853**	**$ 5,845**	1,628	$ 11,007

The Company has not repurchased any of its shares under the terms of Normal Course Issuer Bids in 2002 or 2001.

(iii) Consideration paid out to shareholders as a return of capital:

	2002	2001
Class I Special Shares Series VII	$ (11,148)	$ –
Options exercised and settled for cash consideration	(52)	(54)
	$ (11,200)	$ (54)

(iv) Capital stock converted:

	2002	**2002**	2001	2001
	Number of shares converted	Amount	Number of shares converted	Amount
Multiple voting shares	–	$ –	(14,563)	$ (14,142)
Common shares	3,844	25,526	16,367	26,246
Class I Special Shares				
Series I	(1,339)	(25,766)	(1,367)	(25,670)
Series VI	–	–	(338)	(6,432)
Series VII	–	–	855	11,147
		$ (240)		$ (8,851)
Total capital stock issued during the year		**$ 43,576**		$ 2,103

(c) Capital stock issued and held in escrow:

(i) Capital stock issued and held in escrow pending release or cancellation upon the outcome of certain acquired companies meeting their annual financial targets as described in note 2 is as follows:

	December 31, 2002 Number of shares
Common shares	1,725
Class F Special Shares Series I	15,920
Class F Special Shares Series II	418

(ii) Capital stock that is issuable upon the outcome of certain acquired companies meeting their annual financial targets is as follows:

	December 31, 2002 Number of shares
Common shares	1,096

(d) Special warrants:

On December 27, 2001 the Company closed its treasury offering of 8,050 special warrants (including over-allotment option of 3,150 special warrants) and the secondary offering by certain U.S. shareholders of 1,400 special warrants at a price of $6.35 per special warrant. Each special warrant issued entitles the holder to purchase one common share of the Company for no additional proceeds, either from treasury or from the shares held by certain U.S. shareholders, as appropriate.

Gross proceeds to the Company from the offering were approximately $51.1 million. Gross proceeds raised in the secondary offering by certain U.S. shareholders were approximately $8.9 million. Fifty per cent of the proceeds of the treasury offering, net of the underwriter's 4% commission, or $24.5 million, were released to the Company at close of the offering. The remaining escrowed proceeds were released to the Company and certain U.S. shareholders upon the issuance of the common shares on March 14, 2002.

(e) Due to vendors:

The obligation to issue additional consideration earned to December 31, 2002 in relation to acquisitions listed in note 2 has been accrued and is reflected as a component of shareholders' equity.

(f) Stock options:

The Company has two stock options plans: Executive Stock Option Plan and Advisor Stock Option Plan.

12. Capital stock (continued):

Under the terms of the Executive Stock Option Plan, options are periodically granted to directors, management and employees generally at an exercise price equal to the greater of the market value of the common shares of the Company on the date immediately preceding the grant date and the 10 day volume weighted average price immediately prior to that date. The number of options granted, the exercise price, the expiry date and any other terms, including terms related to the vesting of options, are approved by the Company's Board of Directors. Vesting of options generally occurs at 25% of the grant annually over a four year period from grant date and are exercisable for a period not exceeding five years from the date of grant. A total of 2.212 million shares are reserved for issuance, of which .061 million shares have expired or been cashed out, 1.440 million shares are committed under outstanding options, leaving .711 million shares available for issuance as options under this plan.

Under the terms of the Advisor Stock Option Plan, options are periodically granted to advisors generally at an exercise price equal to the greater of the market value of the common shares of the Company on the date immediately preceding the grant date and the 10 day volume weighted average price immediately prior to that date. The number of options granted, the exercise price, the expiry date and any other terms, including terms related to the vesting of options, are approved by the Company's Board of Directors. Approximately 1.6 million options vest when the common share price reaches $19 per share. However, if the share price reaches $16.02 per share and to the extent that shares, if issued, would not be subject to an escrow agreement, the holders have the right to require the Company to either purchase the options at $8.01 per option or waive the $19 per share vesting condition. The balance of the options generally vest equally over a seven year period. A total of 4.67 million shares were reserved for issuance of which .006 million shares have expired, of which 2.241 million shares are committed under outstanding options, leaving 2.423 million shares available for issuance as options under this plan.

Details of the Company's Executive Stock Option Plan and Advisor Stock Option Plan are as follows:

	2002	**2002**	2001	2001
	Number of stock options (000's)	Weighted average exercise price	Number of stock options (000's)	Weighted average exercise price
Outstanding, beginning of year	2,543	$ 8.18	1,997	$ 9.03
Granted	1,185	7.75	566	5.09
Exercised	28	4.94	20	4.94
Forfeited/cancelled	19	8.93	–	–
Outstanding at year end	**3,681**	**$ 8.06**	2,543	$ 8.18
Exercisable at year end	**516**	**$ 6.59**	307	$ 6.83
Available for grant	**3,134**		4,319	

Range of exercise prices	Options outstanding: Number of stock options	Weighted average remaining contractual life	Weighted average exercise price	Options exercisable: Number of stock options	Weighted average exercise price
	(000's)	(Years)		(000's)	
$4.05 - $5.00	633	2.6	$ 4.88	263	$ 4.87
$6.85 - $7.85	664	3.9	6.87	31	6.89
$8.25 - $8.74	689	3.7	8.63	169	8.36
$9.27 - $9.50	1,695	3.0	9.49	54	9.27
	3,681	**3.3**	**$ 8.06**	**516**	**$ 6.59**

The weighted average grant date fair value of options granted during 2002 has been estimated at $3.27 using the Black-Scholes option-pricing model. The pricing model assumes weighted average risk-free interest rates of 5.27%, weighted average expected common stock price volatility of 34.76% and a weighted average expected life of 5 years.

The Company applies the intrinsic value based method of accounting for stock-based compensation awards granted to certain employees. Accordingly, no compensation expense has been recognized in the financial statements with respect to the stock options listed above. Had compensation cost for the Company's stock option plan been determined based on the fair value at grant dates for awards under this plan consistent with the fair value based method of accounting for stock-based compensation, excluding the effects of awards granted prior to January 1, 2002, the Company's net income and earnings per share would have been reduced to pro forma amounts indicated below:

Net income:	
As reported	$ 22,978
Pro forma	22,379
Earnings per share:	
Basic:	
As reported	0.28
Pro forma	0.27
Diluted:	
As reported	0.27
Pro forma	0.27

During 2002 and 2001, $52 and $54 has been charged to share capital in respect of options exercised where the Company has elected to settle differences between the fair value at the time of exercise over the exercise price in cash instead of issuing shares.

Subsequent to year end, certain management were granted 702 options, with a strike price of $6.37. These options have a five-year term from date of grant.

13. Income taxes:

(a) Future income taxes (temporary differences):

Future income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets and liabilities as of December 31, 2002 and 2001 are as follows:

	2002	2001
Future tax assets(1):		
Deductible goodwill	$ –	$ 131
Deferred revenue	2,419	1,184
Non-capital tax loss carry-forwards	26,617	20,797
	29,036	22,112
Future tax liabilities:		
Capital assets	2,299	743
Deferred costs	1,304	28
Deferred sales commissions	41,889	31,162
Deductible goodwill	836	–
Integration provision	–	3,323
Other	4,238	759
	50,566	36,015
	$ (21,530)	$ (13,903)

(1) The Company has determined that it is more likely than not that its future income tax assets will be realized through a combination of future reversals of temporary differences and taxable income.

(b) Reconciliation to statutory tax rate:

The difference between the effective rate of income tax reflected in the financial statements and the basic income tax rate is as follows:

	2002	2001
Basic income tax rate	39.5%	42.2%
Large corporation tax	1.1	0.9
Change in future tax rates	(1.2)	(7.1)
Foreign tax rate difference	(6.6)	(9.9)
Deductible goodwill amortization	(1.5)	(4.0)
Other	(0.7)	2.5
	30.6%	24.6%

The Company and its subsidiaries have non-capital losses of approximately $67.0 million that may be applied against future taxable income. The right to claim these losses expires as follows:

2004	$ 1,091
2006	7,970
2007	14,584
2008	17,657
2009 and thereafter	25,716
	$ 67,018

14. Commitments and contingencies:

Commitments:

The Company has leased office space and equipment for varying periods expiring on or before 2010. The minimum future lease payments for the next five years and thereafter are as follows:

2003	$ 9,570
2004	9,014
2005	8,802
2006	7,391
2007	6,452
Thereafter	16,717
	$ 57,946

Contingencies:

(a) Loan guarantees:

Under a separate buy-back arrangement with a bank, the Company has undertaken to repurchase the indebtedness from the bank upon default by the shareholders under their respective loan agreements with the bank. At December 31, 2002, loans issued to the shareholders under the buy-back arrangement amounted to $10,864 (2001 - $15,204).

(b) Shareholder advisor agreements:

To safeguard the interest of each of the client, the shareholder advisor and the Company, the shareholder advisors' agreements provide for an orderly exit strategy in the event of death, disability or retirement of the shareholder advisor. In the event that the shareholder advisor is unable to transition his practice to a qualified buyer, the shareholder advisor may at his or her option require the Company to purchase the practice in accordance with a pre-determined formula contained in the shareholder advisor agreement. The pre-determined formula is adjustable based on the future earnings of the practice actually received.

14. Commitments and contingencies (continued):

(c) Steinberg Moorad & Dunn, Inc.:

During 2001, a senior employee of Steinberg Moorad & Dunn, Inc. left the Company along with certain other employees. The Company initiated legal action against the employees and various other parties as a result of the actions of these employees. In November 2002 a jury awarded the Company damages of U.S. $4.6 million against the employee and U.S. $40.0 million against Athletes First, the company that was formed to carry on the sports agency representation business by the employee and others. In addition, in February 2003 the Courts awarded the Company a further U.S. $2.7 million from the employee in respect of legal fees incurred in prosecuting the action.

The defendants are expected to appeal the Court's rulings. Management expects, based on the advice of counsel, that the defendant's appeal will be unsuccessful. Furthermore, management is reviewing certain aspects of the decision by the Courts to determine if appeals should be made against certain rulings in order to claim additional amounts from other parties.

At this time the Company has reflected the litigation costs incurred net of recoveries to date, as an asset. The Company expects that the collection of the amounts will require a variety of actions including procedures necessitated by the Chapter 11 filing of the employee on February 10, 2003. As amounts are recovered from the defendants, the asset will be reduced. Recoveries in excess of the costs incurred will be included in the statement of earnings. As at December 31, 2002, the recoverable amount reflected on the balance sheet is $11.7 million with an offsetting future tax liability of $7.5 million.

Based on the information currently available, management believes that there is no requirement to reduce the recoverable amount reflected in the Company's accounts. As further information becomes available, management will review the carrying value of this asset and if necessary reduce the amount based on an evaluation of such information.

As a result of this matter, approximately 40 athletes terminated their representation agreements. The Company believes the fees relating to the negotiation of these players' contracts and certain renewals remain owing to the Company. The Company is pursuing collection of these amounts, and where necessary has filed actions with the National Football League Players' Association (NFLPA) against these players to recover the unpaid fees relating to the 2000-2001 playing seasons. The Company expects these actions to be successful in 2003. The Company also expects to file actions with the NFLPA in respect to representation fees for the 2002 playing season. In addition, the Company expects to collect amounts relating to future playing seasons annually in accordance with the terms of the representation agreements.

The Company has included in its earnings estimated revenues relating to the 2000 and 2001 playing season in respect to the terminated player contracts and has provided allowances in respect to collectibility of the amounts owing that management considers reasonable at this time based on available information. The Company has determined that no revenue should be recorded in the accounts of the Company in respect to the 2002 playing season that have not been received until such time as the Company's right to these representation fees is affirmed by the NFLPA and the Company then satisfies itself as to the collectibility of the amounts. Based on the information currently available, the estimated representation fees relating to the 2002 playing season that may be recognized at a future date are approximately $2.0 million.

(d) Other contingencies:

From time to time in connection with its operations, the Company is named as defendant in actions for damages and costs allegedly sustained by the plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, such actions have generally been resolved with minimal damages or expenses in excess of amounts provided and the Company does not believe that it will incur any significant additional loss or expense in connection with such actions. Should additional loss result from the resolution of these claims, such loss would be accounted for as a charge to income in the period in which settlement occurs.

15. Earnings per share and operating cash flow per share:

Basic earnings per share has been calculated using the weighted average number of common shares, multiple voting shares, class I Special Shares Series I, Series VI and Series VII outstanding during the year.

Basic operating cash flow per share has been calculated by dividing the operating cash flow by the weighted average number of common shares, multiple voting shares and class I Special Shares Series I, Series VI and Series VII outstanding during the year.

The weighted average number of common shares, multiple voting shares, and class I Special Shares Series I, Series VI and Series VII outstanding based on the share structure at December 31, 2002 and 2001 is as follows:

Date	Number of shares
December 31, 2002	81,857
December 31, 2001	72,978

Diluted earnings per share and diluted operating cash flow per share have been calculated using the treasury stock method, assuming the exercise of all "in the money" capital stock options described in note 12(f), the recognition of all contingent consideration on acquisitions made by the company described in note 2 where such consideration is dilutive and including the common shares that would be issued assuming the conversion of the class I Special Shares Series I, Series VI and Series VII that were issued and outstanding had occurred based on the market price of the Company's common shares at December 31, 2002 and December 31, 2001 respectively.

16. Financial instruments:

Risk management activities:

The Company has limited involvement with derivative financial instruments and does not use them for trading purposes. The company has entered into interest rate swaps and interest rate caps as described in note 9 to reduce its exposure to fluctuations in interest expense.

Collateral or other security to support financial instruments subject to credit risk is usually not obtained. However, the credit standing of counter-parties is constantly monitored.

16. Financial instruments (continued):

Fair values:

Generally accepted accounting principles define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The Company uses the following methods and assumptions to estimate the fair value of each class of financial instrument for which the carrying amounts are included in the consolidated balance sheet under the following indicated captions:

(a) Cash and short-term investments, accounts receivable, accounts payable and accrued liabilities:

The carrying amounts approximate fair value because of the short-term maturity of these instruments.

(b) Due from shareholders:

The carrying value of due from shareholders bearing interest approximates its fair value.

(c) Long-term debt:

The carrying value of the Company's long-term debt approximates fair value due to the variable interest terms of the debt except for other loans payable. The estimated fair value of these loans is not readily determinable because there is no market for similar types of instruments.

(d) Interest rate swaps and cap:

The interest rate swaps and interest rate cap have a fair value of $1,572 in favor of the bank as at December 31, 2002.

(e) Foreign exchange forward contract:

The foreign exchange forward contract is carried on the consolidated balance sheet at fair value. At December 31, 2002, the change in fair value totaled $871 in favor of the Company and was recorded as non-interest revenue.

17. Segmented information:

In 2002, the Company reorganized its business units from financial advisor and sports and entertainment into the geographic segments Assante Canada and Assante U.S. to conform to the current organizational structure and to the basis upon which management measures and evaluates performance. Currently, there are no significant inter-segment sales. Comparative segmented information has been restated to reflect the geographic reporting segments.

	Assante Canada	Assante U.S.	**2002 Total**	Assante Canada	Assante U.S.	2001 Total
Revenues						
(ex redemption fees)	$ 273,293	$ 108,722	$ 382,015	$ 253,279	$ 111,261	$ 364,540
Redemption fees	4,364	–	4,364	4,398	–	4,398
Expenses	206,752	94,563	301,315	202,429	90,986	293,415
	70,905	14,159	85,064	55,248	20,275	75,523
Restructuring costs	–	1,645	1,645	2,007	285	2,292
Earnings before interest, amortization and income taxes	70,905	12,514	83,419	53,241	19,990	73,231
Interest and financing expense	4,432	5,993	10,425	7,598	6,585	14,183
Amortization	31,485	8,410	39,895	25,432	2,710	28,142
Income taxes	11,230	(1,109)	10,121	3,106	4,480	7,586
Net income (loss) before goodwill amortization	23,758	(780)	22,978	17,105	6,215	23,320
Goodwill amortization	–	–	–	12,724	18,627	31,351
Net earnings (loss)	$ 23,758	$ (780)	**$ 22,978**	$ 4,381	$ (12,412)	$ (8,031)
Goodwill, carrying value	89,291	176,201	**265,492**	84,341	177,551	261,892
Total assets	$ 378,768	$ 258,150	**$ 636,918**	$ 387,510	$ 236,781	$ 624,291

18. Restructuring costs:

Relating to the restructuring of certain U.S. operations, the Company incurred costs of $1,645 in 2002 and $285 in 2001. The Company's restructuring of the Canadian operations management was completed in 2001 with the Company incurring costs of $2,007 in that year.

shareholder information

Issued Shares

Assante has issued and outstanding Common Shares. Each Common Share carries one vote. Assante also has outstanding Class F Special Shares, which if earned will be converted shortly thereafter on the basis of one common share for each 11.8 Class F Special Shares.

Stock Exchange Listing

The Common Shares of the company are listed on the Toronto Stock Exchange under the symbol LMS.

Escrow Agreement

27.2 million or 32 per cent of the Common Shares are currently subject to an escrow agreement that restricts the ability of the shareholders to sell their shares. The board of directors has the discretion to release shares from escrow at any time within the normal escrow period. On January 23, 2003, the board of directors agreed to early release of certain of the remaining escrowed shares so that approximately 5.5 million will be released on May 28, September 30, December 31, 2003 and March 31 and May 28, 2004. Apart from the above and the release of an additional 10 per cent of shares on May 28, 2001, the discretion has been limited to releasing shares held by employees and advisors who have left the company, or who have demonstrated a significant change in circumstances.

Dividends

The company has not paid a dividend since the completion of its initial public offering, choosing instead to reinvest its earnings in growth and infrastructure improvements.

Normal Course Issuer Bid

Periodically the company engages in a Normal Course Issuer Bid through the facilities of the Toronto Stock Exchange. The company is currently authorized to repurchase up to 1,000,000 of its Common Shares under a New Course Issuer Bid expiring October 21, 2003. No shares were repurchased in 2002 pursuant to Normal Course Issuer Bids.

Annual meeting

The annual meeting of the company will be held at:

Design Exchange
234 Bay Street
Toronto-Dominion Centre
Toronto, Ontario M5K 1B2
Wednesday, June 4, 2003
2:00 p.m. EST

Head office

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